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LONGINES World's Most Honoured Watch

Task force troops raid the Falklands

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

FIRM BRIDGEHEAD ESTABLISHED • BRITISH SHIPS DAMAGED

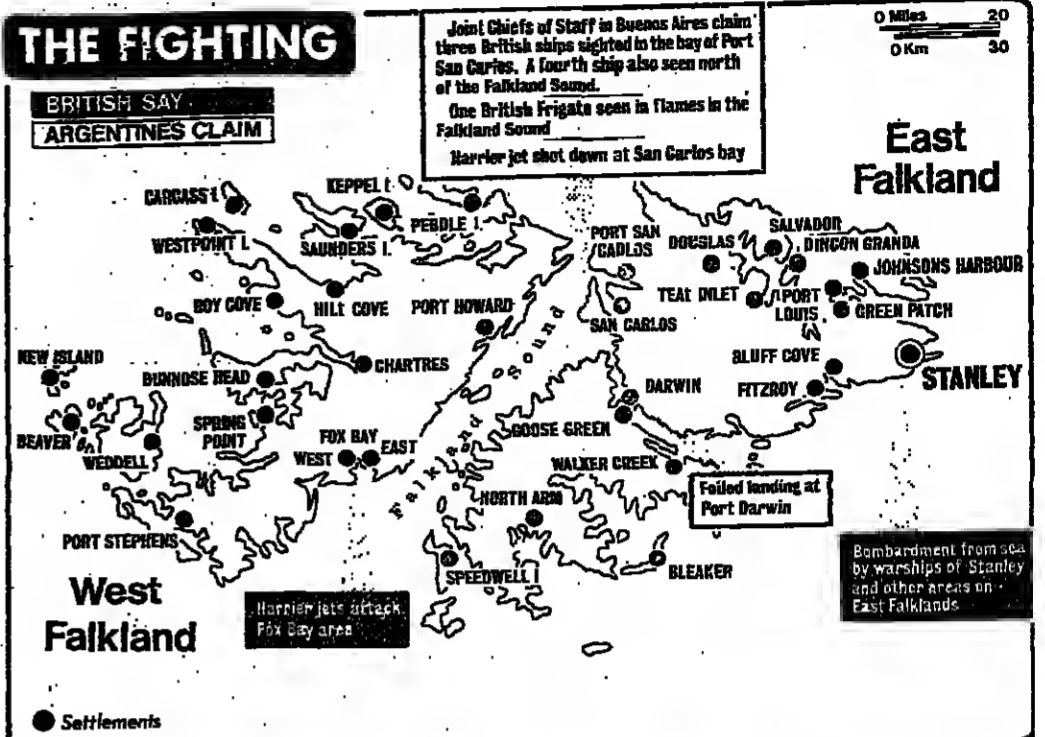
BRITISH FORCES landed on the Falkland Islands yesterday and established a bridgehead, believed to be in the San Carlos area of East Falkland.

Established. Earlier it had been unofficially reported that it was in the San Carlos area.

All the attacks were directed against Argentine military targets, including fuel and ammunition dumps and military stores, it said.

The British hwarships were attacked by Mirage fighters, a communiqué said.

of a full-scale invasion. The dispersed actions are put in the context of the orders earlier this week to Rear-Admiral Sandy Woodward, commander of the task force, to retake the Falklands with as few casualties as possible.



NEWS SUMMARY

GENERAL

Basnett in incomes policy call

An incomes policy has been called for by union leader David Basnett.

His plan includes calls for a prices and monopolies commission and a national economic assessment.

S. Korea scandal

Resignations by 11 South Korean Cabinet members were accepted, over a multi-million dollar loan scandal.

Guerrillas killed

South African forces said they killed seven Swapo guerrillas in a skirmish near the Angolan border.

Parole rejected

A prison term board has ruled that Sirhan B. Sirhan, Robert Kennedy's assassin, will not be paroled in 1984, as planned.

Zaire hits out

Zaire rejected Arab criticism of its resumption of diplomatic links with Israel and said it will not submit to Arab neo-slavery.

Poles jailed

Prison terms of up to five years have been given to seven Poles caught printing and distributing Solidarity literature.

Romania moves

Romania's prime minister and foreign trade minister have been replaced in a reshuffle by President Ceausescu, over economic problems.

Firemen threat

Prospects of a firemen's strike grew when the Fire Brigades' Union called for industrial action from the end of the month.

Riots warning

There could be more rioting in British cities, unless drastic action is taken to improve conditions, said the Chief Constable of Cleveland.

Briefly...

Cosmonauts on Salyut-7 are growing vegetables in a "space hot-house," said Tass.

CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes.

BUSINESS

Sterling up; dollar weaker

STERLING recovered in thin and nervous trading to finish up 1.65 cents in London at \$1.7960.

DOLLAR was weaker at DM 2.3060 (DM 2.3200), SwFr 1.9625 (SwFr 1.9740) and Sfr 237.5 (Sfr 238.4).

EQUITIES: recent rally was reversed by a technical slide. The FT 30-share index was up 6.2 at 560.6.

GILTS: Government Securities Index gained 0.14 to 68.17, a drop of 6.98 on the week.

GOLD fell \$4.25 to \$338 in London. In New York the Comex May close was \$336.4 (\$343).

WALL STREET was up 0.57 at \$33.05 near the close.

FRANCE put its April trade deficit at FF 10.1bn (£936.4m) more than twice the March deficit of FF 4.5bn.

MEXICO, the world's most heavily indebted nation, asked its international bankers for a \$1bn (£561.8m) short-term loan.

U.S. CONSUMER prices increased 0.2 per cent in April after a 0.5 per cent fall in March.

DEBENHAMS, stores group, reported a £1.7m reduction to £27m in taxable profits for the year to January 30.

BROWN and Jackson, builder and civil engineering contractor, cut its 1981 dividend sharply.

MILLS and Allen International, financial services and advertising group, agreed with Sime Darby to buy Guy Butler, the UK money broker, for £11.75m.

TALBOT, Peugeot's UK subsidiary, signed an agreement with Iran to export car kits worth more than £100m a year.

TOYOTA Motor Sales reported full-year net profits at ¥38,080m (£89.7m) against ¥30,900m.

SAVOY HOTEL group went on the attack in its efforts to block Trusthouse Forte moves to place its chairman and chief executive on the Savoy board.

DOMESTIC PETROLEUM, Canadian energy group, said it had nearly \$1.5bn (£665.77m) of debt due for repayment this year.

BRIT. SYDON 26 - 3

Woolworth 175 + 8

Shell TRADA 420 + 6

Brit. Sydon 26 - 3

Brookhouse 28 - 4

Greystones (Str.) A 130 - 100

Hill (C.) (Bristol) 30 - 8

Horizon Travel 428 - 6

Latin Americans discuss reprisals against Britain

BY PAUL BETTS IN NEW YORK AND ANDREW WHITLEY IN LONDON

LATIN AMERICAN Foreign Ministers were consulting yesterday about possible diplomatic reprisals against Britain, after its latest action on the Falklands.

clear that it would reject vigorously any Security Council proposal for an unconditional ceasefire, in the Falkland Islands. The warning came with the Security Council due to meet today in public for the first time since April 3, to review the crisis.

Mr Nicanor Costa Méndez, the Argentine Foreign Minister, was said last night to be on his way to New York to present his country's case in person to the Security Council.

to diplomatic approaches. But it was clear that Britain would take a great deal of persuading that Argentina was prepared to make genuine concessions.

Inflation rate drops below 10%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INFLATION in Britain fell sharply last month to an annual rate of less than 10 per cent for the first time in three years.

Yesterday, Sir Geoffrey Howe, the Chancellor of the Exchequer, said: "At the time of the Budget, we forecast that inflation would fall to 9 per cent by the end of this year.

Official figures out yesterday show that the annual rate of retail price inflation fell by a full percentage point from 10.4 per cent in March to 9.4 per cent in April.

inflation to between 4 per cent and 6 per cent a range last seen at the end of the 1960s.

There are strong indications that the inflation will continue to fall, although perhaps less sharply than in recent months.

The indicators, which are intended to predict turning points in the business cycle, continue to suggest that the trough of activity was passed in the second quarter of 1981.

CONTENTS

Table of contents listing various sections and their page numbers.

Table of stock market data including Gold Markets, Stock Markets, and Local Auth Bonds.

Labour leaders act on party rift

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR PARTY leaders were trying yesterday to prevent the internal argument over the Falkland Islands from triggering off another damaging round of open conflict.

Mr Michael Foot, the Labour leader, while supporting the servicemen as they attacked the islands, again stressed the need to continue the search for a diplomatic solution.

The Foreign Office said that, if there were a genuine change of position, including readiness to withdraw from the Falklands in accordance with UN Security Council resolution 502, the prospects for negotiations would be transformed.

It was clear yesterday that Mr Foot was not prepared to let the three shadow ministers who rebelled over Falklands policy in Thursday's vote continue as members of the shadow Cabinet.

West Germany expressed concern at the latest flare-up in the fighting and the Foreign Ministry in Bonn said the Federal Government would be "deeply saddened if no last effort were made to resolve the conflict peacefully, and human lives had to be sacrificed."

save Mr Foot from having to sack them on Monday.

Britain has key advantage of surprise

British military planners believe surprise is one of their key advantages as the military pressure on the Argentine garrison is stepped up.

to Britain, due to begin on Friday.

Argentine submarines may penetrate the task force's anti-submarine barriers. Another problem is the lack of depth in British air defences, where the task force's available aircraft are greatly outnumbered.

After a meeting between the Pope and cardinals from Britain and Argentina, Cardinal Basil Hume, Archbishop of Westminster, said he was still hopeful that the trip would proceed.

The Secretary-General, after announcing on Thursday night that he was giving up his efforts to mediate, said he would make Continued on Back Page

the determining factor.

The Pope is expected to announce this weekend whether he will go ahead with his visit

was steady to thin trading, in spite of apprehension over the crisis. Against a generally weaker dollar, the pound rose 1.65 cents in London to \$1.796; against the D-mark it gained one penny to DM 4.14.

Advertisement for James Watt's steam engine and the Montgolfier brothers' balloon, featuring historical illustrations and text.



THE FALKLANDS CRISIS

Surprise a key advantage for task force

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE dramatic increase in military pressure which Britain's naval task force has begun to mount against the Argentine garrison on the Falkland Islands is designed to reap maximum benefit from surprise...



Royal Marines, pictured on an exercise, went ashore at several points yesterday

Details of the raids, and of their outcome, were still awaited last night. But as Admiral Woodward and the captains of his estimated 20 to 25 warships have pondered their strategy over the past weeks of failing diplomacy...

in the air, where British defences lack depth and the force's available aircraft are greatly outnumbered by Argentina's.

The Defence Ministry in London has never said precisely how many aircraft are in the South Atlantic. The normal complement of both HMS Hermes and Invincible is five Sea Harrier jump jets and nine Sea King helicopters...

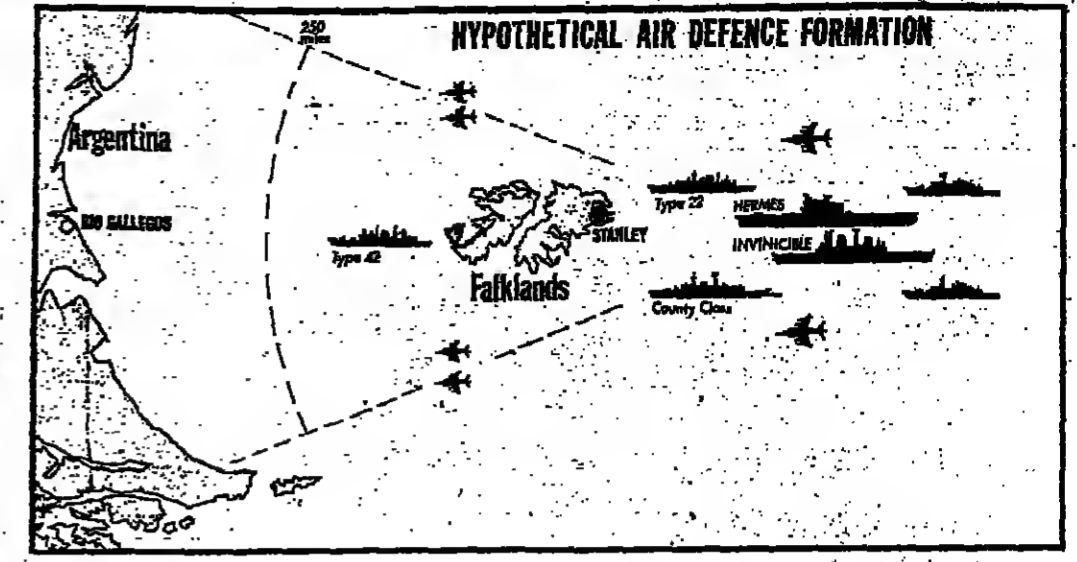
Earlier this week, an estimated 18-20 reinforcements joined the task force, having been brought down from Ascension on a converted ferry.

The Sea Harrier, as it names suggests, is especially adapted for use from a carrier. It is a

fighter bomber with a good all-weather and night-flying capability, armed principally with heat-seeking Sidewinder missiles and equipped with the sophisticated Blue Fox radar.

However, since the Government has ordered only about 30 Sea Harriers (not all of which have been delivered), most of the reinforcements are believed to be RAF Harriers. These ground-attack aircraft designed for the European front have been modified (notably against corrosion and to allow them to land and take off from the carriers and to fire Sidewinders)...

operating in the South Atlantic. As the diagram indicates, the key purpose of air defence is to protect the battle group, at the centre of which are the carriers. Ships immediately around the carriers have point defences...



Admiral Woodward would no doubt like the loan of an American A-7 Corsair II, but the Defence Ministry's judgment seems to be that President Reagan would not accede to such a request...

A dramatic example of what can happen when aircraft get through the radar screen occurred last week, when at least a dozen Skyhawks penetrated...

Admiral Woodward appears to have kept his main battle group east of the Falklands, so far therefore out of range of the Argentine shore-based aircraft...

Weekend decision on Papal visit to Britain

By Rupert Cornwell in Rome

THE POPE is expected to make known this weekend, and possibly this morning, his final decision on whether to go ahead with his visit to Britain. The visit is due to start on Friday but has been cast into deep uncertainty by the hostilities over the Falklands.

Confident Argentine military set for long and costly conflict

BY HUGH O'SHAUGHNESSY AND JIMMY BURNS IN BUENOS AIRES

DESPITE the breakdown of the Perez de Cuellar peace initiative Argentina is insisting that it wants a negotiated settlement to the Falklands crisis. Argentina is expected to make the maximum possible use of the UN to push its case in the next few days and to seek a condemnation of British efforts to recapture the islands.

Argentina's central bank has announced a sharp rise in foreign debt, which is officially put at the end of last year at \$35.7bn. Of this \$20bn was owed by the public sector and \$15.7bn by private borrowers.

These figures were up 38.5 per cent and 23.2 per cent respectively over the previous year. Foreign reserves were almost exactly halved in 1981 and ended the year at \$3.87bn. As the hostilities have taken their toll the debt is known to have risen again and

reserves fallen. A high level committee to supervise the freezing of British assets, which was decreed on Wednesday, has been appointed under the chairmanship of General Hector Iglesias, Secretary of the Presidency.

It is being claimed in Buenos Aires that in yesterday morning's British attack the assaulting troops were surprised by the numbers of Argentine troops in the area and by the presence of a considerable number of artillery units. The Argentine claim is that Argentine gun positions held back their fire during a recent reconnaissance flight by British Harrier jets so as to give a mistaken impression of their strength.

Now that full scale fighting appears to have broken out on the islands, Buenos Aires remains convinced that the Argentine air force will be able to prevent British Sea Harriers from providing adequate aerial support, and the British troops

will find it extremely difficult to maintain their positions. The Argentine military is also apparently unconcerned about the possible effects of continuing hit and run tactics by commandos. "They might be sufficient to do some damage but they won't get us out of the islands," said one military source.

After a first meeting between the Pope and the Cardinals from the two countries Cardinal Hume declared that he was "still hopeful" that the trip might go ahead, although extension of the war might be the determining factor. The fact that the Pope has waited so long to make up his mind confirms both his anxiety to go ahead with the visit if at all possible and the acute embarrassment that the present circumstances has caused. Cardinal Hume has consistently argued that its pastoral nature meant that no political interpretation could be placed upon it. But the Argentines have advanced precisely opposite arguments.

Highly strung city lives on its nerves

BY JIMMY BURNS IN BUENOS AIRES

THE CITY shakes and rumbles... flashes in the night... the sound of a child crying and then... the inevitable downpour. After more than a month and a half on the edge of war it is possible to "mistake" an early morning storm for a dawn rally.

Buenos Aires is highly strung, even in peacetime: there are so many psychoanalysts that a part of the city is called Villa Freud. The profession is now working overtime with the popular weekly Semanario devoting its latest edition to suggestions on "How to beat the tension of war."

Or for a journalist? Seldom in the history of modern journalism have so many foreign correspondents been under such pressure to report a war and yet been so far away from the scene of battle. Banned by the military authorities from going outside Buenos Aires, closeted within the cheerless walls of the Sheraton Hotel, the adrenalin which many of them brought from El Salvador is difficult to sustain.

Minutes before the start of a production of Tosca at the city's impressive Colon Theatre, the audience is brought to its feet as the orchestra plays the national anthem. The Spanish international star tenor, Placido Domingo, has been replaced in the lead role by a local unknown in a climactic aria his virtuoso performance overshadows the more established foreign singers on stage and the audience responds with loud applause.

The Argentines generally continue to play the game they have always played: buying up half the world and offering pesos on the black market in the hope that this will be a hedge against inflation. In a downtown electrical shop all the television sets have sold out. "Everyone wants to be sure of watching the World Cup," explained the salesman. In spite of Sr Alemann's recent 14 per cent devaluation, bringing the official exchange rate to 14,000 pesos to a dollar, the little men still burrow away taking your dollars for 20,000 or more.

British radio station could cost up to £1m

BY ANDREW WHITLEY

RADIO ATLANTICO DEL SUR, the clandestine British radio station broadcasting in Spanish to Argentina, will have annual running costs of between \$500,000 and \$1m. A BBC spokesman said yesterday that this estimate, supplied by the Ministry of Defence, is between three and five times the cost of the recently-axed External Services' broadcasts in Spanish for Western Europe.

action in Spain to Britain's approach to the Falklands crisis. Since Wednesday Radio Atlantico del Sur, using a requisitioned BBC transmitter on Ascension Island, has been broadcasting a mixture of propaganda designed to undermine the morale of Argentina's troops and pop music to catch their attention. Transmissions have been limited to three hours each evening, leaving silent for the moment the planned hour-and-a-half in the morning. The transmitter, one of four on the island, was taken over under the authority vested in the British Government by Clause 19 of the BBC's Licence and Agreement, a form of contract linked to its charter. It is the first time in the Corporation's 60-year history that the Government has felt the need to invoke the draconian reserve powers it holds through the Licence.

Correspondents offer mixed views of coverage

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

WHEN the Falklands crisis erupted, the British Ministry of Defence reacted dutifully to attempts to involve journalists in its military efforts. Now many of those who deal with the British government believe it has much to learn on how to fight the increasingly important battle for world opinion. Complaints about past performance have tended to concentrate on what the Ministry has not said. "The problem has for the most part been not inaccuracy but omission," Mr Steve Rattner, London correspondent of the New York Times, says. In this context correspondents cite as an example the failure to report the loss of two helicopters on South Georgia on April 22. They allege that this approach has caused some suspicion in Washington among both editors and U.S. government departments such as the Central Intelligence Agency. "Ten days ago Washington was convinced that Britain was covering up a major naval battle in the South Atlantic. Satellite intelligence had shown British ships taking evasive action, accompanied by explosions," according to Mr Len Downie, London bureau chief of the Washington Post.

But if U.S. newspaper journalists' criticisms of available military information are mixed with praise for political and diplomatic briefings they have received, other media have been less patient. One representative of Paris Match, the French pictorial magazine, complains that he was refused the negatives of a picture printed in a Royal Naval magazine on the grounds that it was restricted. The picture showed helicopter pilots including Prince Andrew, the Queen's second son.

The second complaint concerns the general lack of military priority given to the "propaganda war." BBC and ITN finally persuaded the Ministry of Defence to allow an engineer onto Ascension Island to upgrade the equipment there for the transmission of film. However, facilities have not been made available to speed film from the task force. Instead it has been sent on the 3,500 mile journey by the first available ship.

Unluckily for the British cause the BBC Spanish Service is no longer broadcast to Spain; it was axed on December 31 to save \$180,000 a year. Nor have British diplomats appeared active. Since the crisis began

not a single member of the British Embassy in Madrid has been seen on television or radio. In Washington, by contrast, Sir Nicholas Henderson, the British Ambassador, has been seen frequently and to good effect. His forceful performances have gone down well with an audience already disposed to support the cause of their oldest ally. Sir Nicholas admits he is not sure all his appearances were necessary.

But such interviews and the way that U.S. television producers in London have been able to call on a wide-range of articulate English speakers appear to have outweighed any advantage the Argentines might have had. In France and West Germany the British case has been carried fully, and generally given more credibility than the Argentine one. Among the Scandinavian countries, Sweden, which might have applied its pacific principles against the despatch of the British task force, has tended to be more supportive of Britain—particularly because the commander of the Argentine forces on South Georgia is alleged to have been responsible for the killing of a Swedish woman.



A helicopter comes in to land during a Royal Marines training exercise: now the training has become reality

The only comparable precedent, during the Suez crisis of 1956-57, involved the takeover of a commercial radio station based in Cyprus. Radio Shalom, an Adena-run for several months to counter propaganda from Radio Cairo and a BBC which fought hard to preserve its own editorial independence. This time, the External Services' editorial independence is not at stake. Indeed, BBC executives say privately that the Foreign Office, for once, has been helpful. The threat to the position of the BBC is more subtle, as many listeners in Latin America may be confused by the two "Voices of Britain." The BBC is pinning its hopes on the belief that Radio Atlantico del Sur, broadcasting at different times, and on a different frequency from its own regular Spanish-language transmissions, will show itself up to be what it is through its contents. A helicopter comes in to land during a Royal Marines training exercise: now the training has become reality. FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$308.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.



OVERSEAS NEWS

UK NEWS

SOUTH KOREAN LOAN SCANDAL

Chun retains two key Ministers

BY DAVID DODWELL

SOUTH KOREA'S President Chun Doo-hwan yesterday accepted the resignations of 11 of his 23-man Cabinet...

Contrary to expectation, neither the Economic Planning Minister nor the Finance Minister were allowed to resign...

Rise in UK emigrants to S. Africa

By J. D. F. Jones in Johannesburg A DRAMATIC increase in the number of emigrants from Britain to South Africa has been reported...

China rejects offer

China has reacted to a renewed offer from Moscow to improve relations by denouncing the Soviet Union as the biggest expansionist nation of the modern age...

Submarine protest

Irish fishermen have put on display confidential documents, apparently from the U.S. nuclear submarine Henry Clay, found by a trawler in the Irish Sea...

Polish dissident freed

The Polish authorities have freed Mr Jan Jozef Lipski, a well-known literary critic, in a sign that they are still hoping to establish some kind of dialogue with the country's intelligentsia...

Vietnamese released

Thailand freed 12 Vietnamese airmen yesterday whose military aircraft had crashed-landed in Thai territory last February...

Zimbabwe caution

President of the Zimbabwe Chamber of Mines, Mr Roy Lander warned yesterday that the industry's "fundamental viability was at stake"...

Japanese pay rise

Japanese workers won an average basic pay rise of just under 7 per cent in the annual "shunto" or spring round of pay negotiations...

U.S. consumer prices rise 0.2%

BY ANATOLE KALETSKY IN WASHINGTON

CONSUMER PRICES in the U.S. increased by 0.2 per cent in April, after the 0.3 per cent fall in the consumer price index recorded in March...

Over the past six months consumer prices have increased at an annual rate of only 2.8 per cent, but this very moderate trend of inflation is unlikely to be sustained in the near future...

China halts polyester imports

BY RICHARD C. HANSON IN TOKYO

CHINA has apparently stopped importing polyester staple, the synthetic fibre which last year became the single most important textile export to China from the West and Japan...

Chinese officials have called a halt to imports, mainly to allow a reduction in bloated inventories, which built up last year...

According to information available in Japan, China does not expect to resume imports for the rest of the year...

Two-state setback for Gandhi

BY K. K. SHARMA IN NEW DELHI

AFTER unexpected gains in the southern Communist stronghold of Kerala, where her Congress (I) Party won the election...

In the eastern state of West Bengal, the ruling leftwing front led by the Marxists was heading for an easy victory after gaining more than two-thirds of the seats declared by yesterday's The Marixists are thus assured of another five years of power in West Bengal...

Fraser hopes for cut in protectionism

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE seven-nation Versailles Summit next month must produce a multilateral plan for the reduction of protectionism and subsidies if the contraction of world trade is to be reversed...

Mr Fraser put forward a three-point proposal for de-escalating protectionism in a speech in New York on May 18. He emphasised yesterday that Australia had no "pride of authorship" in its plan and that alternative proposals might work better...

report on the crisis to the President. 18 people had been arrested, including a relative of the President's wife. One major company had been declared bankrupt and another had been taken over by the courts...

The fraud has shaken public confidence in the Government, and has compromised the President, who has made a campaign against corruption his highest political priority since coming to power two years ago.

Retention of his two main economic Ministers highlights the fact that Government attention will now shift to the

reforms needed to prevent such a scandal occurring again.

The President is believed to be considering raising the ceiling on growth in money supply (M2) by 3 percentage points to 25 per cent. But he needs also to devise some way of siphoning funds away from the kerb market, which accounts for about 40 per cent of money available for lending.

The Government might allow the legitimate financial institutions to raise or float interest rates offered to investors, since part of the appeal of the kerb market has been that it offers interest rates of about twice the rate offered by official institutions.

Bonn wary of special EEC status for Britain

By Jonathan Carr in Bonn

THE West German Government does not favour ideas being floated anew by France about a special status for Britain within — or on the fringes of — the European Community.

Bonn Government officials stress that while there is some superficial attraction in the plan for a "two-tier Community" — with Britain on the lower rung — the consequences could be very serious.

It is pointed out that negotiation of a special position for Britain could set a precedent for other "difficult" members or candidates, including Greece and Spain.

It is felt the result could easily be a "degeneration" of the Community, whereas the main thrust of West German policy is still aimed at closer union, despite current economic problems and political disappointments.

This commitment was stressed by Chancellor Helmut Schmidt again this week in his speech in Aachen supporting Spain's admission to the EEC. It is also underlined by Herr Hans Dietrich Genscher, the Foreign Minister, in his constant references to the need for closer European political union.

One senior official underlined that the example chosen by M Claude Cheysson, the French Foreign Minister, of the EMS as an existing "two-tier" approach had not been a good one.

He noted that Britain was in fact a member of the EMS, although not so far, by its own choice, taking part in the system's exchange rate mechanism. However, Bonn still hoped that Britain would finally play a full role in the EMS — and would deplore any return to the old division in the EEC between "currency snake" and "non-snake" members.

It is also stressed that while Bonn went along with the majority decision against Britain in the EEC Farm Council this week, it did so unwillingly and with misgivings for the possible implications for West Germany.

As the biggest — and at times only — net contributor to the EEC budget, Bonn fears that Germany may have been set which will put it at a disadvantage in votes on other financial issues.

Spadolini wins second vital confidence vote

ROME — Sig Giovanni Spadolini's five-party coalition on a second vote of confidence on vital economic legislation yesterday.

The Government won parliamentary approval of a second key article of a law on redundancy payments, which it needs to push through before a referendum falls due, by 317 to 225 votes.

The referendum proposes index-linked severance payments which Mr Spadolini considers economically disastrous and which his bill limits.

In a further part of its economic strategy the Cabinet has approved plans that could exchange lower pay packet reduction for wage restraint within the index-linked wage rise system.

The Cabinet voted a 16 per cent ceiling on pay rises and has discussed a draft law that would reduce the deduction burden. This would give minor benefits in early summer but any major concessions could not come into force until autumn.

Democracy in the territory is presently confined to local district boards, and there is little expectation that any extension of it would be welcomed by Peking. People in Hong Kong have watched keenly the British Government's attitude towards self-determination for the Falkland Islanders, though that is the only useful point of analogy between the two cases.

Sir Murray has, in sum, left a big pair of shoes behind at Government House. But in his first couple of days, Sir Edward has shown a cheerful and unstuffy personality which should do much to help him fill them.

Treasury rules out action on mortgage relief plans

BY IVOR OWEN

GOVERNMENT intervention to persuade the building societies to change their plans for next April's switch to deducting tax relief on mortgage interest at sources instead of through PAYE codes has been ruled out by Mr Nicholas Ridley, financial secretary to the Treasury.

Early yesterday he told the Commons Standing Committee considering the Finance Bill that any dissatisfied owner-occupier should look to the banks or any other financial institutions ready to compete with the building societies.

Mr George Cunningham, (Independent Labour, Islington South and Finsbury) had urged the Government to delay the switch to the new tax arrangements until the building societies had devised a system of net payments which was less burdensome to owner-occupiers in the early years of the loan repayment period.

He stressed that on the basis of the building societies' present plans, from next April, 75 per cent of owner-occupiers will face an increase in their monthly repayments which will cancel out the benefit obtained from the recent 14 percentage points cut in the mortgage interest rate.

Mr Cunningham underlined that the increased payments will result solely from the building societies' decision to opt for "front-end loading" of the repayment period.

He suggested that the added financial burden in the early years of the repayment period would cause particular difficulties for couples buying their first house.

Mr Cunningham called on the Government to use "its not inconsiderable clout" to get the societies to use a more acceptable method of implementing the change.

Mr Ridley, a staunch advocate of the market economy, refused to contemplate such a course.

He said it was "extraordinary" that the Government should be asked to get under takings and change potential arrangements between two private-sector parties entering into a contract.

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Annual inflation rate at 9.4%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK'S annual inflation rate moved down to 9.4 per cent in April, well below the average for the European Economic Community and only about a point above the average for developed countries.

The retail price index for April rose 2 per cent from March to 819.7 (January 1974=100), but almost all the rise resulted from special factors, including increases in local authority rents and rates, London bus and underground fares and a sharp rise in the price of fresh fruit and vegetables.

After these and other increases relating to the Budget are excluded, there was only an underlying rise of about 0.4 per cent in the price index for the month.

In the same period last year the rise was 2.9 per cent. The tax and price, which measures the gross taxable income needed to keep pace with rising prices, moved back into line with the ordinary retail price index after a year of sharp divergence.

For April it was 166.0 (January 1978=100), 0.7 per cent more than a year before. The TPI was boosted by the March 1981 Budget which increased the burden of taxes. As a result, the annual increase in the TPI was between about 14 and 15 per cent for most of the year.

Yesterdays figures were cautiously welcomed by Sir Terence Beckett, director general of the Confederation of British Industry. "This is an encouraging sign. It is a reflection of industry's success in holding down costs. The need for an early cut in interest rates to continue the reduction in the cost of living and to stimulate investment is now paramount."

He said that if the improvement in the inflation figures was to be maintained, continuing moderation in pay settlements would be necessary along with further reductions in business costs.

Mr Norman Tehbit, the Employment Secretary, said: "Double-figure inflation first appeared in Britain 11 years ago. There were periods when its grip was loosened, but each time it came back with a vengeance. At the peak, prices were doubling every three years."

With inflation down to 9 per cent and still falling, we can now start to compete with other countries. This makes today's inflation figures the best long-term news for jobs that we possibly could have had. Britain is beginning to fight back."

He stressed the need for pay settlements to come down still further from the current level of about 7 per cent so that progress in reducing inflation could be maintained.

ANNUAL INFLATION RATES (March) Japan 2.8, Switzerland 2.7, West Germany 4.7, Austria 5.2, U.S. 6.2, Netherlands 6.4, Belgium 7.1, Sweden 7.6, UK 10.4, Canada 11.4, France 14.1, Italy 16.5, Ireland (Feb) 18.9, Greece 20.6, EEC average 10.7, OECD average 8.5

RETAIL PRICES ANNUAL PERCENTAGE INCREASE TO APRIL 1982 All items 9.4, All items excluding food 9.2

Food 10.4, Seasonal food 26.0, Food excluding seasonal 7.6, Alcoholic drink 10.5, Tobacco 11.7, Housing 14.9, Fuel and light 14.7, Durable household goods 1.3, Clothing and footwear 1.3, Transport and vehicles 6.9, Miscellaneous goods 8.0, Services 11.9, Meats out 7.5, Nationalised Industries 14.1

Warning on oil supply assumptions

BY RAY DAFTER, ENERGY EDITOR

THE WEST would be unwise to expect Saudi Arabia to stave off any future oil crisis, says a report published yesterday by the British Institutes' Joint Energy Policy Programme.

"It would be imprudent and unfair to expect Saudi Arabia alone to solve the world's problems in a future crisis," say the authors, Mr Robert Belgrave, a former director of BP International, and Mr Daniel Badger, an analyst in the International Energy Agency.

Saudi Arabia, with its substantial ability to adjust its production rates, had helped to prevent the outbreak of war between Iraq and Iran in 1980 leading to an oil crisis such as happened in 1978 and 1973-74.

Other factors which worked in energy consumers' favour in 1980 included high oil stocks, the "studied calm" and prompt and discreet action of the IEA and a general lack of panic among private and commercial oil users.

However, the report warns that energy consuming countries should not take it for granted that "what went right in 1980" would necessarily be repeated in times of future supply interruptions.

The Energy Policy Programme is run under the joint auspices of the Policy Studies Institute, and the Royal Institute of International Affairs in association with the British Institute of Energy Economics.

Derelict Land Bill passed

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A BILL approved by MPs yesterday will bring new life and jobs to derelict city areas, Mr Giles Shore, Under-Secretary for the Environment, told the Commons.

The Derelict Land Bill will enable Mr Michael Heseltine, the Environment Secretary, to target areas in England where 100 per cent grants can be given to local authorities to clear derelict land for development.

In Wales, the Welsh Development Agency will have the power. The measure is part of a package put forward by the Government after inner-city riots last year. The Bill was given a second reading and now goes to the House of Lords.

Dr David Clark, the Labour Environment spokesman, said that to make grants available to the private sector was likely to hinder rather than assist land clearance.

Police chief warns on inner cities

Financial Times Reporter

FRESH OUTBREAKS of public disorder will hit Britain's inner cities unless drastic action is taken to improve conditions, Mr Christopher Payne, Chief Constable of Cleveland, warned yesterday.

He argued in his annual report for more liaison between police and local authority planners. Police were rarely involved in drawing up local authority structure plans, although they had plenty to offer.

Crime in Cleveland rose by more than 12 per cent last year. A "disturbing factor," said Mr Payne, was the increasing use of violence, often with knives.

A total of 39,817 crimes were reported in the north-eastern county, of which 16,335 were solved, giving a clear-up rate of nearly 48 per cent, which is above the national average.

Mr Payne said the 7 per cent increase in crimes of violence was partly the result of the glorification of violence and partly because people were being uprooted in large numbers from inner cities.

In Cleveland, the force was trying to combat the problem by putting more officers back on the beat and into community relations, said Mr Payne. Cleveland's major city is Middlesbrough.

Mr Leslie Curtis, of the Surrey force, is to take over as chairman of the 120,000-strong Police Federation of England and Wales when Mr Jim Jardine retires in October.

Moore work sets record

BY ANTHONY THORNCROFT

A RECORD auction price for a work by a living artist was set at Sotheby's in New York on Thursday when a London dealer paid \$1,285m (£710,000) for Reclining Figure, carved in elmwood in 1945 by Henry Moore.

In March, \$220,000 was paid for a Salvador Dali painting, totalling \$8,702,100 (£49m). A Connecticut collector paid \$451,000 for Young Woman with a Chignon by Renoir and \$429,000 was paid for Seated Nude with Woman Arranging Her Hair by Picasso.

Christie's completed its week of modern and impressionist in New York with an auction of drawings and watercolours which totalled £710,172.

Robert Cottrell, in Hong Kong, reviews prospects for the Colony's new governor

Big shoes to be filled at Government House

THERE CANNOT be many jobs like it left in the world — nor many hats like it either. Ostrich plumes fluttering aloft, Welsh diplomat Sir Edward Youde arrived in Hong Kong this week to be sworn in as the Colony's 25th governor in 140 years of British rule.

Aged 67, Sir Edward is a former British ambassador to Peking and number two man at the Foreign Office — the latter post carrying the Dickensian title of "chief clerk." His career background is particularly useful since the main issue over-banging his governorship is one which will have to be settled by lengthy diplomatic negotiation. The lease on much of Hong Kong's territory, obtained from China's rulers in the 19th century, expires in 1997.

The new Governor has already said that he does not want to force the pace toward formal negotiation on the lease question. He is confident that "step-by-step" exchanges are the way towards a satisfactory outcome.



Sir Edward Youde: step by step approach

Hong Kong does not like to be called a "colony" any more. "territory" is the preferred substitute. Its people are conscious that their interests are not always the same as British interests: UK overseas student fees, textile quotas and the Nationality Act are cases in point.

Sir Edward has said that these British positions are general ones which may have affected Hong Kong but were not directed against it. He has also said that Hong Kong can expect him to defend its interests. Sir Murray stood up for Hong Kong, and was admired there for it.

Sir Murray also presided over 10 years of strong economic growth, and used those good years to back social programmes including huge public housing development. He also instituted a clean-out of organised corruption, and it is for these things that the "MacLehose years" will be best remembered.

Asked to comment on Japan's plan to produce a unilateral import liberalisation package immediately before the Summit Mr Fraser said that any steps to open the markets of powerful trading nations were to be welcomed. He doubted, however, whether protectionism could be dramatically reduced by one nation acting alone.

Her position as Prime Minister is not threatened, however, as the next general election is not due until 1985.

Combined with these setbacks is the certain loss of at least four of seven parliamentary by-elections by Mrs Gandhi's party. The Prime Minister and her son, Mr Rajiv Gandhi, campaigned vigorously in all the states where elections and by-elections were held.

opinion from the executive council, but if he does so he must explain his reasons to the British Foreign Secretary.



UK NEWS

Jobbers to end London options business

By Duncan Campbell-Smith
BIGGOOD BISHOP, the fifth largest stock market jobbing firm, has decided to withdraw from the London market in traded share options.

Along with the four largest jobbers, Bisgood entered the market when it was launched in April, 1978. But it indicated more than once last year that the profitability of its traded option operations was proving a disappointment and the business was under review.

Foot attacks Government over farm policy setback

By ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR PARTY leaders yesterday used this week's events in Brussels and Luxembourg to launch a new attack on the Common Market, and on the Government's inability to bring about its reform.

Mr Michael Foot, the Labour leader, denounced Mrs Thatcher for her failure to make any specific response to the EEC Farm Council's decision on Tuesday to ignore the British veto over farm price increases, while Mr Peter Shore, the party's economics spokesman, pointed out the refusal of Italy and Ireland to renew sanctions against Argentina was a "slap in the face" for Britain.

Both claimed that events this week had proved the necessity of negotiating a new relationship with the Community.

Mr Foot, referring to the Farm Council meeting, said the best solution now would be for Britain to prepare to withdraw from the Market altogether. Failing that, he said, Mrs Thatcher should freeze Britain's contributions, or withdraw from the Common Agricultural Policy.

It was all very well, he said, for ministers to fume about how the veto had been undermined. But what was needed was deeds, not words.

Mr Foot's remarks came as ministers held their first meeting to discuss the implications of the Farm Council meeting. They did not, however, come to any firm decisions about how to react.

Mr Francis Pym, the Foreign Secretary, will not, therefore, make any specific threats at next week's meeting of EEC foreign ministers. Instead, he will claim that the British Government's deep unhappiness with Tuesday's decision and make it clear that Britain is determined to get the Luxembourg agreement clarified.

He will also repeat the Government's insistence on an improved budget deal for the year ahead. The Government is opposed to the idea of a trade-off between a deal on the budget and support from other EEC countries for sanctions against Argentina, but the need to get an extension of sanctions will obviously be a major factor in Mr Pym's negotiating position.

Universities encouraged to sell services

UNIVERSITIES WERE given an official incentive yesterday to sell their services commercially.

They were told by Dr Edward Parkes, chairman of the University Grants Committee, that income raised in external markets would not be taken off their state grants. He disclosed that a dozen of Britain's 42 universities have been granted small concessions in the cuts in grant income and in the numbers of full-time students from the UK and other EEC countries which the committee ordered last July.

The 12 are Bradford, Exeter, Hull, Kent, Nottingham, Reading, Southampton, Surrey, York, the Bangor college of the University of Wales, Stirling and Strathclyde.

The changes will raise the total of the full-time students in the 42 institutions in 1983-85 by only about 350, mainly in the sciences, to a little more than 249,000.

Dr Parkes confirmed that the 1982-83 grant for current spending by all universities, including the two in Northern Ireland, is to be £1,180m. This includes more than £100m to compensate for loss of tuition fees that stem from less demand by foreign students. The figure provisionally set for 1983-84 is about £1,180m in cash, which is likely to represent a cut of 4.7 per cent in real terms.

BL £5m test plan

BL is to bring on stream soon new facilities to test components and vehicles for reliability. It claims they will be among the largest and most modern in the motor industry. The £5m investment programme, now in its final stages, includes a new 100,000 sq ft facility to double-test capacity of chassis and electrical components on the outskirts of Birmingham.

Some EBU representatives are convinced that any dispute would intensify quickly. Local officials in Oxfordshire, for example, have had firm indications from their local authority employees that it intends to stop the pay of any firemen who take action.

Labour challenging refusal to reappoint CEBG chief

By RAY DAFTER, ENERGY EDITOR

MINISTERS are to be challenged to tell parliament on Monday why they refused to reappoint Mr Glyn England as chairman of the Central Electricity Generating Board.

Mr Arthur Palmer (Lab, Bristol North-East) has initiated an adjournment debate to obtain a "full explanation" of the Government's stance regarding Mr England's departure.

The debate—part of a growing political row—comes at a time when the Government is thought to be concluding arrangements for Mr England's successor. It is thought that Mr Nigel Lawson, Energy Secretary, will make an announcement within the next few weeks. Mr Lawson has already hinted in parliament that the new chairman will be drawn from "outside the industry."

New health service pay action will hit patients, says Fowler

By JOHN LLOYD, LABOUR EDITOR

PATIENTS would be put at risk by further industrial action in the National Health Service, said Mr Norman Fowler, the Health Secretary, yesterday.

Health service unions reported growing support from other unions for their action, particularly from the National Union of Mineworkers.

Mr Arthur Scargill, the miners' president, will address the conference of the National Union of Public Employees in Scarborough on Monday, when he is expected to announce details of the miners' action.

In a statement Mr Fowler said that emergency cover was reported to have broken down in two areas on Wednesday during the 24-hour strike by health workers, and that "these incidents demonstrate clearly that the unions cannot always guarantee even the emergency cover they claim to provide under their own guidelines."

The Department of Health and Social Security said that it had reports of a fatal accident involving two motorcyclists in Maidstone. The victims were attended by police and St John Ambulance after a 20 minute delay.

While setting the reported accident in the context of the industrial action, the Department did not affirm a direct connection. It said that a full report of the incident had to wait until after an inquest.

Mr Fowler's statement admitted that the action had at least a limited success, though "uneven and varied."

"Industrial action has resulted in the cancellation of outpatient clinics and prevented people attending day hospital.

This means that sick people whose doctors have referred them to hospital are not seeing the specialists and are not receiving the treatment they should have."

The National Union of Public Employees, the biggest health service union, has strengthened its links with the miners' area organisations.

In Yorkshire, NUPE and NUM officials issued a statement after a meeting that miners would be "strongly urged" to support health service staff in the planned stoppages on June 4 and 5.

Pits will be "twinning" with the nearest hospitals, and will take action in concert. NUPE expected similar support from other NUM areas, including Scotland, South Wales, Kent and Nottinghamshire.

Meetings are being arranged between health service unions and others at regional level.

Firemen's strike nearer over tough council line

By PHILIP BASSETT, LABOUR CORRESPONDENT

PROSPECTS of a national firemen's strike are growing as local authorities show signs of adopting tough attitudes towards the industrial action called from the end of the month by the Fire Brigades' Union.

The union has decided to answer emergency calls only from the day shift of Monday, May 31, unless progress is made on its dispute with the non-TUC-affiliated National Association of Fire Officers. The dispute concerns trade union representation of Britain's 5,000 fire officers.

This action could intensify quickly if local authorities react with disciplinary measures. The FBU executive was instructed this week by its annual conference in Bridlington to call a series of one-day national strikes if any member's pay is stopped for answering emergency calls only.

Some FBU representatives are convinced that any dispute would intensify quickly. Local officials in Oxfordshire, for example, have had firm indications from their local authority employees that it intends to stop the pay of any firemen who take action.

Cambridgeshire is also thought to be ready to do this and FBU leaders believe that other authorities, such as Bedfordshire, which previously have taken firm positions in fire service disputes, will follow suit.

The Association of County Councils has made no recommendations to its constituent authorities on how to respond to the union's action and is leaving any measures up to individual councils.

Hopes for a solution to the dispute over union representation rests on an employers' meeting on Tuesday.

However, the Advisory Conciliation and Arbitration Service has become involved in the dispute, despite the fact that a previous Acas initiative was halted by the issuing of writs by the association. Senior Acas officials have put forward a proposal for a headcount of fire officers to determine which union they belong to and all sides are putting considerable hope in the plan's success.

White-collar union calls for recruitment drive

By OUR LABOUR STAFF

CONCERN ABOUT declining membership is expressed in motions before this month's conference of the white-collar Technicians' Administrative and Supervisory Section of the Amalgamated Union of Engineering Workers.

The executive is urged to begin recruitment and amalgamation drives to counter the effects of unemployment on union strength.

There are calls for a campaign to recruit engineers from an academic background who often turn to staff associations for representation. One motion calls on the AUEW to move into the "rapidly deteriorating" software and microelectronic sectors of the economy "since these will be major potential growth areas."

Renewed calls are made for "One Union for Engineering"—an amalgamation between the AUEW and the affiliates. Attempts last year by the AUEW to amalgamate with the small foundry and construction sections failed after objections from Tass. An appeal will be heard on June 23.

Four motions back a campaign for a 35-hour week and a shorter working life and one from No 16 Division calls for industrial action to defend jobs.

A motion from No 5 Division calls for a campaign for legislation to control pension funds on the basis of each member having a vote on changes to schemes. There are four motions reaffirming Tass's support for the Campaign for Nuclear Disarmament and for unilateral disarmament. They call for affiliation to the CND.

A motion from No 26 Division calls for affiliation to the British Soviet Friendship Society.

Of the motions that will go before the full AUEW national conference, four call for the re-nationalisation of British Aerospace and a closer liaison between British Aerospace, Rolls-Royce and British Airways.

Three motions back the Labour Party's nationalisation plans. Another supports its constitutional changes of the past two years and condemns the "disgraceful veto" of candidates by the NEC against the wishes of local parties and the preparation of the investigation into the Militant Tendency.

Other motions back "conversion" schemes for turning weapon manufacturing into civilian use and plans for regenerating London industry.

Council staff reject offer of 5.2%

By OUR LABOUR STAFF

A PAY offer of 5.2 per cent to nearly 500,000 local authority white-collar staff has been rejected by the staff side of the Local Authority National Joint Council.

The National and Local Government Officers' Association, which represents about 95 per cent of white-collar staff, said the offer was unacceptable.

The proposed deal included a 39-hour-week arrangement for those staff which had still been working 40 hours.

Another meeting has been arranged for June 4. The British Gas Corporation has made an offer ranging from 4 per cent to 6 per cent to its 60,000 white-collar staff.

The majority of staff are represented by the National Association of Local Government Officers and the rest by the staff section of the General and Municipal Workers' Union.

Mr David Williams of the GMWU described the offer as "insulting." The offer amounts to 4 per cent for lower grades and 6 per cent for higher grades.

Weighell says NUR supports 'open' stations

By OUR LABOUR STAFF

MR SID WEIGHELL, general secretary of the National Union of Railwaymen, told a press conference in London yesterday his union was keen to develop the "open" stations to help improve efficiency on British Rail.

He remained adamant, however, that the NUR would not accept one-man operated trains, such as those BR wants to introduce on the new Bedford-St Pancras line. The line, which should have begun partial operation earlier this week, cost £15m to modernise.

Mr Weighell said stations on the line should be used as prototype open stations.

Seamen to seek tripled payment

SEAMEN VOTED yesterday to press for tripling of the medical severance and redundancy payment.

Maximum payment for an able seaman is £5,800. He must have more than 30 years' service to qualify.

The National Union of Seamen's biennial conference at Tenby, Dyfed, decided that seamen should attempt to increase this so that it matched dockers' redundancy payments.

Top payment for dockers is £22,500.

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Industry 'disillusioned with EEC'

By JAMES McDONALD

THIS WEEK'S Common Market dispute over agriculture prices was only the first of a series of potential conflicts causing disillusionment to British business supporters of the Community, said Maj-Gen Stuart Watson, executive director of the Institute of Directors, in Edgbaston yesterday.

"Community plans to supersede British company law and industrial relations practice by a series of binding directives now being prepared in Brussels are causing increasing disillusionment with the Community membership is working out among British commerce and industry", he said.

"The Community must not confuse strong British business support for the concept of a common market, in which barriers to trade and the supply of goods and services are removed, with approval for a series of measures which threaten to substitute rigid centralised economic and political control over market decisions."

It was time, said Gen Watson, that the EEC Commission "re-examined current plans and sought to redirect Community attention to the real problems of the effect of excessive central control of European agriculture and the continuing need to break down barriers to the free movement of goods in Europe and throughout the world."

In a consensus of views five public figures said that any advantages resulting from withdrawal from the Common Market, such as cheaper food prices and escape from the Common Agricultural Policy, would be short-term and ephemeral. There would be a number of disadvantages, headed by substantial losses of exports to the EEC, which was the UK's chief market.

They were asked to discuss the question of Britain's membership of the EEC in the latest issue of the Director, Journal of the Institute of Directors.

Of the five—Sir Fred Catherwood, Mr Basil de Ferranti, Mr Michael Shanks, Mrs Shirley Williams and Baroness Elles—only Mr Shanks and Mrs Williams saw even short-term advantages in leaving the Market. The others saw no advantages.

Asked if there was an alternative strategy, short of withdrawal, that would be available to the Nine and to the UK, all thought Britain would be unlikely to get favourable trade links.

Labour challenging refusal to reappoint CEBG chief

By RAY DAFTER, ENERGY EDITOR

MINISTERS are to be challenged to tell parliament on Monday why they refused to reappoint Mr Glyn England as chairman of the Central Electricity Generating Board.

Mr Arthur Palmer (Lab, Bristol North-East) has initiated an adjournment debate to obtain a "full explanation" of the Government's stance regarding Mr England's departure.

The debate—part of a growing political row—comes at a time when the Government is thought to be concluding arrangements for Mr England's successor. It is thought that Mr Nigel Lawson, Energy Secretary, will make an announcement within the next few weeks. Mr Lawson has already hinted in parliament that the new chairman will be drawn from "outside the industry."

Mr England's departure is being "rather offensively handled", he said. It is expected that Mr David Mellor, Under-Secretary of State for Energy, will report on the reasons for Mr England's departure. It is thought that he will again repeat the Government's main point that the time has come for a change at the top.

The Government has been having difficulty finding a suitable replacement for Mr England. Reports in Whitehall suggest that energy ministers have returned to a candidate who initially turned down the job. In the meantime, Mr Fred Bonner, the board's deputy chairman, has assumed the post of acting chairman.

Receivers sceptical about De Lorean survival plan

By JOHN GRIFFITHS

THE RECEIVERS of the De Lorean sports car company are viewing with scepticism the latest proposals for the company's rescue by Mr John De Lorean.

A few hours after H. J. Kalkow, a New York property company, announced two days ago that it was terminating negotiations to inject \$35m (£19.7m) into the U.S. end of the car venture Mr De Lorean said a draft agreement under which new investors would put up \$35m for both the U.S. and Belfast companies would be with the receivers by Thursday night.

Yesterday, Sir Kenneth Cork, joint receiver with Mr Paul Shevell confirmed he had received a telex on the subject from Mr De Lorean.

"But remember that we had the draft heads of an agreement from Mr De Lorean three weeks ago with Kalkow as the investor, and that has come to nothing. What we want to see now are some financial results—money actually on the table."

However, a statement the receivers planned to make yesterday to the 400 workers at the Belfast plant has been postponed until Monday.

At the time the Kalkow-based rescue attempt was first discussed, the Receivers said the plant would be kept operating until the end of May. There is understood to be mounting reluctance among UK Government officials to postpone a shutdown further. The Government is the preferred creditor of the Belfast company and has sunk £67m to the venture.

Mr De Lorean claims the latest proposals should satisfy the Receivers in that they provide for an immediate \$35m working capital injection into the Belfast plant and for the new investors to assume the mortgage and debt servicing on it. H. J. Kalkow was prepared to finance only Mr De Lorean's U.S. sales company.

The investment would come, he said, from a Californian financial institution with the funds underwritten by a consortium of individuals "of great substance" from the U.S. motor industry.

Maori art not for Crown

MR GEORGE ORTIZ, a millionaire art collector, yesterday won the second round of a legal battle in his claim to own ancient Maori carvings worth £300,000.

The Appeal Court ruled that the Queen, as head of the New Zealand Government, was not entitled to possession of the carvings under that country's 1982 Historical Articles Act and its Customs Acts of 1913 and 1966, which were unenforceable in England.

The court allowed with costs an appeal by Mr Ortiz, who is based in Switzerland, and Mr Lance Entwistle, a London art dealer who sold the carvings to Mr Ortiz in 1973 for \$65,000 (now £36,100).

They had challenged a High Court judge's preliminary legal ruling that New Zealand laws enforce the New Zealand laws.

Scots press prizes

MR CHRIS BAUR of "The Scotsman" newspaper has been named Journalist of the Year, in the 1982 Fraser Scottish Press Awards, for a series of articles on the Royal Bank of Scotland takeover bids.

Journalists on The Sunday Standard take several awards. They include Sally Magnusson (joint feature writer of the year), Tom James (specialist writer, and Ian Archer (sports journalist). Anne Simpson of the Glasgow Herald shares the feature writer award. Ken Smart of the Edinburgh Evening News is reporter of the Year. David Cameron of The Scotsman and Allan Macle of the Sunday Standard were respectively Campaigning Journalist and Critic of the Year.

Vickers offer

A TRAINING school for engineering apprentices, opened by Vickers at Newcastle yesterday, will offer training places to other companies in the north-east. It will also be made available to young people sponsored by the Engineering Industry Training Board and the Manpower Services Commission. There are 70 trainees in the school, which has facilities to teach general machining, lathe-turning, fabrication, electrical engineering and fitting.

Engineering jobs go REDUNDANCIES at the Avonley Barford engineering works at Cranham, Lanc, will cost 125 jobs. It was announced yesterday. This was the fourth batch of large-scale redundancies the company has announced in three years. A company spokesman said that the jobs would have to go if the company were to survive the recession.

Combox sackings

ANOTHER 55 workers are to lose their jobs at the Combox toy factory at Peterborough.

High wages cut building trade apprenticeships

HIGH WAGES for building trade apprentices are forcing employers to take on fewer youngsters, Mr Malcolm Fordy, president of the National Federation of Building Trades Employers, said yesterday.

There could be a third fewer apprentice registrations this year than in 1980, he told the Midland region's annual meeting at Matlock Bath, Derbyshire.

The industry had been hit by the recession over the last two years, but he said: "I believe employers would do their utmost to step up apprentice recruitment if only early and effective action could be taken to contain the very high costs of providing those apprenticeships."

He said the federation had suggested to the construction unions that the fixed percentage relationship between the pay of apprentices and craftsmen be ended, that apprentice wage scales and bonus levels set in 1981 should remain in force until June 27 next year, and that apprentice pay structures be simplified by establishing a single payment to all entrants after June 27 this year.

and then came "Patou pour Homme"

JEAN PATOU





# THE WEEK IN THE MARKETS

## Slow puncture for the stock market

This was the week when the equity bubble began to leak. Starting on Monday within a hair's breadth of 600, the FT 30-Share index fell back until on Thursday evening it stood at 554.4, a drop of 6 per cent. It seems that there was again little action from institutional investors, who abstained from buying while resisting the temptation to sell. Some overseas funds may have lightened their investment on the London market, most selling was probably done, however, by the smaller market operators.

Gilt-edged also lost ground through the week as sterling fell victim to accurate fears that negotiation in New York would give way to fighting in the South Atlantic. Easier money rates in New York helped sterling to firm against the dollar on Friday, combined with some closing of bear positions ahead of a notably uncertain weekend, that helped both leading equities and gilt-edged to recover slightly.

### Whitbread trims

The market was pleasantly surprised by the full year figures from Whitbread this week. Despite the country-wide pressure on beer volume, aggravated in Whitbread's case by some loss of market share, pre-tax profits managed to climb by 10 per cent to £72.2m. Ahead of the figures most outside predictions were pitched around the £71m mark, with some as low as £68m.

Whitbread has been able to

### LONDON ONLOOKER

produce this encouraging performance, despite the shortfall in volume, because of lower interest costs and the benefits from a substantial rationalisation programme and trimming of costs. The extraordinary net debit of £8.3m below the line reflects the cost of reducing the workforce by around 1,500 heads in the last 12 months. But above the line that means a cost saving of around £10m for a full year.

On the trading front Whitbread has not had an easy time. Sales for the 12 months were just 8 per cent higher at £341.7m. Considering the 4p a pint duty increase from March 1981 that seems a low rate of growth and suggests that Whitbread's volume was probably a point or two worse than the industry decline—estimated at 8 per cent in the second half.

In part this must be a reflection of the company's earlier insistence on maintaining gross margins at the expense of volume. That attitude became a little less dogmatic in the closing half of the year with Whitbread restraining prices to pick up its lost share. This was partially successful, at least in the short term, but not enough to make up for the setback earlier in the year.

Whitbread is beginning to

sound a bit more optimistic about beer sales in the current year. It sees the downward trend bottoming out—a view echoed by the stock market analysts who are looking for some modest revival. Yet in Whitbread's case the benefit of a volume upswing may be muted at the pre-tax level by the need further to reclaim its stake in the market place. That may mean holding back on prices and perhaps increasing the advertising budget. Still the City forecasters are already anticipating profits of £80m this year.

### Industrial gas

BOC has convinced a sceptical world that industrial gases are a growth business, and it is certainly managing to produce figures that—if not quite up to the market's most optimistic expectations—look very good for the bottom of a recession. The welding and carbon graphite interests in the U.S. are making very little money, but health care products are booming, and BOC has UK profits with a strong rise in UK profits following the disposals and cost-cutting of the last couple of years.

Pre-tax profits for the six months to March are up a third to £49.9m, after charging full replacement cost depreciation (current cost profits are actually slightly higher). Even after adjusting for currency swings and the absence of last year's exceptional charges there is a

solid increase of 10 per cent or more. The interest charge, covered only twice by trading profits not long ago, is now 2½ times covered.

The Australian and South African businesses are now slowing down, and BOC may do no more than mark time in its second half-year. But profits should still be above £100m for 1981-82 as a whole, there is plenty of scope for rapid progress when the U.S. picks up, and the dividend—raised by 12½ per cent at the interim stage—is very well covered on the most conservative accounting conventions.

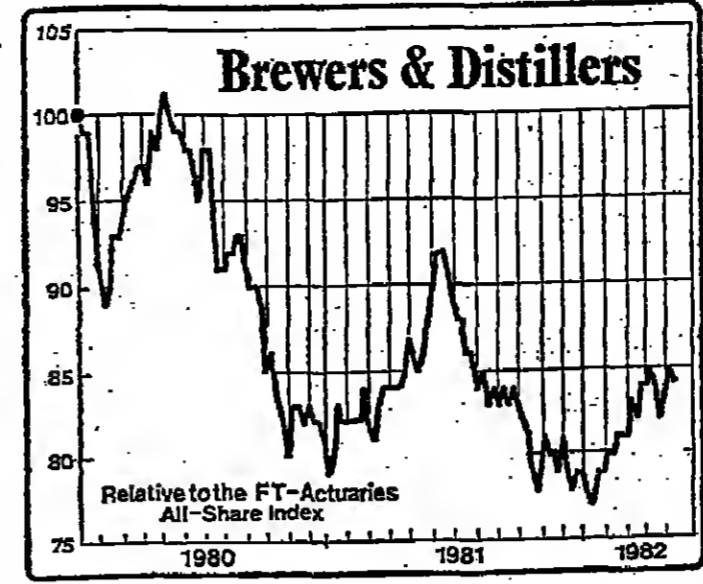
### Slower Unilever

Unilever's exceptional earnings growth in 1981—when on the back of a good volume increase pre-tax profits jumped 24 per cent to over £70m—was not expected to be maintained in the current year. Even so the slim first quarter rise, from an exchange adjusted £17m to £17.5m before tax, announced on Monday, disappointed an over-optimistic market which clipped 10p off the shares to 610p. The advance does, however, look a little better if allowance is made for the extra week last time.

Sales edged up 5 per cent to £3.03bn but considerable pressure on consumer spending led to an underlying decline in trading performance. Operating profit emerged 2 per cent lower at £168.7m, compared with £168.8m, and a slowing in Nigeria was reflected in a 22m dip to £18m in the share of associates. This left only a sharp cut in interest charges from £13m to £7.1m, arising from a release of working capital and tighter cost control, to rescue the pre-tax result.

Below the line a smaller tax take, mainly because of stock relief, left the attributable surplus 12 per cent ahead at £87.5m. Stated earnings per share rose 13 per cent on a historic cost basis and an even greater 29 per cent in current cost terms.

The edible fats and detergents side in Europe slipped against the very strong gains made 12 months earlier, but there was little change in frozen products and other food and drinks, or in the industrial businesses. Growth slowed in countries like South Africa and North America but the contribution from these regions was marginally better than in the previous first quarter. Consumer demand is still weakening in the U.S. and stagnant in Europe and



## A financial scandal

### NEW YORK RICHARD LAMBERT

FOR 48 HOURS this week, Wall Street held its breath as a major financial scandal erupted out of nowhere and threatened serious damage to a number of leading institutions. For a time, it looked as if some well-known securities firms might actually go out of business. In the end, almost as quickly as it had blown up—but it has left in its trail some furrowed brows at the Federal Reserve Board and a badly tarnished image at the Chase Manhattan Bank.

The first sign of trouble came late on Monday, when bond prices weakened sharply and knocked back an already grumpy equity market. The Dow Jones Industrial Average fell more than 12 points on the day, its steepest decline in nearly three months.

Then on Tuesday morning came a terse statement from the Chase Manhattan Bank, a firm of bond dealers which later turned out to be a small and recently formed outfit called Drysdale Government Securities—had failed to pay the bank \$180m in interest owed on government securities which it had borrowed. The Chase in turn was not going to pay the interest on to the ultimate owners of the securities—some of Wall Street's best known securities firms. It had only acted as an agent in the transactions, the bank claimed.

This statement threw the financial community into an uproar. Firms like Merrill Lynch and Goldman Sachs made it absolutely clear that in their view Chase had been acting as a principal in the affair, and that it owed them money. The Federal Reserve Board was forced to inject large sums into the markets in an attempt to calm things down, and it publicly announced that it stood ready as a lender of last resort.

Next day, Chase said it would pay out the interest after all. Manufacturers Hanover and U.S. Trust, both of which had a much smaller exposure to the defaulting firm, had already taken similar steps. Chase said it would also take on the task of liquidating Drysdale's bond book—estimated at an enormous \$1.5bn. The whole affair would bring it an after tax loss of \$135m, rather more than its net income in the first quarter of this year.

Equities continued to drift lower for much of the week, and on Thursday night the Dow had fallen over 30 points from its high spot in early May. That meant the index had given back about half the rally which had zipped it up from under 800 at the beginning of March. Trading volume has been noticeably quiet in recent days, and the institutions seem to be staying on the sidelines. But the Falklands crisis has been causing a lengthening shadow over the market, and there have also been growing fears about the outlook for a number of major U.S. companies.

Thus on Thursday, shares in International Harvester suddenly slipped by almost a third to just \$33. The company promptly denied the widespread rumour that it was about to file for protection under the bankruptcy laws. But it also revealed that losses in the second quarter had knocked about a fifth off its sadly depleted net worth.

MONDAY	845.32	-12.46
TUESDAY	840.85	-4.47
WEDNESDAY	835.90	-4.95
THURSDAY	832.48	-3.42

## INDEX PERFORMANCE DURING FALKLANDS CRISIS

F.T. Ind. Ord. Index 500.4	Change since 1982			
	Ytd	April 2	High	Low
Allied Breweries	89	+2	94	66
BOC Int.	166	+4	175	144
Beecham	264	+20	282	214
Blue Circle	458	-4	550	438
Boots	224	-4	239	193
Bovater	208	-34	263	202
BP	314	+18	324	274
Brown (J.)	55	-23	66	52
Cadbury Schweppes	77	-7	107	85
Courtaulds	86	-2	96	73
Distillers	171	-4	180	162
Dunlop	65	-10	77	43
GECC	875	+42	933	788
Glaxo	649	+103	690	418
Grand Met.	286	-10	333	177

GKN	Change since 1982			
	Ytd	April 2	High	Low
Hawker Siddeley	312	+4	350	290
ICI	314	-4	350	281
Imperial Group	93	-5	100	68
London Brick	99	+12	101	70
Lucas	186	-11	236	184
Marks & Spencer	155	-	165	125
P. & O. Ltd.	141	+4	153	124
Plessey	417	-32	437	345
Tate & Lyle	184	-22	220	182
Thorn EMI	426	-16	485	415
Tube Invs.	140	+4	158	116
Turner & Newall	61	-2	108	58
UDS	60	-19	80	54
Vickers	146	-11	171	139
F.T.A. All-Share	325.11	-4.49	338.53	306.22

## An industry in the land of Wait-and-See

"SELL in May and go away," runs the old Stock Exchange saying and for holders of mining shares, at least, the advice must be very tempting. Nobody knows quite what to make of the gold price at the moment and base metal markets remain in the doldrums. Most non-ferrous metal producing companies are losing money and sharemarkets are uninspiring.

In short, "there's nothing to go for," as they say. There will be, of course, when the first signs of economic recovery make their impact on base metal prices against the background of severe production cuts and relatively modest stocks.

For the time being, however, it is just a case of wait-and-see for holders of good class mining stocks who do not want to sell at current prices and who can-

not just go away, much as they would like to. The same applies to the companies which have to continue to plan for the longer term.

A case in point is CRA, the Rio de Janeiro group's 57.2 per cent owned Australian arm. Underpinned by the expectation of a first half loss, CRA is settling about arranging borrowings of some \$800m (£470m). Half of this will go towards boosting working capital and the remainder will be used to finance big coal and diamond projects.

This week it has been reported that CRA has now arranged multi-currency loan facilities, equal to A\$257.5m, for the development of its (Taring) coal project in Queensland. The latter has in contract to supply 66m tonnes of coal to the state power station there

over 16 years from July 1984. Yesterday came news that CRA had arranged a further borrowing, this time with 12 Japanese banks and covering a \$175m (£97.4m) Euro-currency facility running for seven years. It may be used for the A\$500m Blair Athol coal project in Queensland, which is a joint venture with Japanese coal customers.

The Japanese have a stake of 10 per cent in Blair Athol and America's Arco Coal has some 15 per cent. Production of steaming coal is scheduled to start in 1984 at an annual rate of around 3m tonnes, this rising to 5m tonnes from 1986 onwards.

Japanese customers have agreed to take 72m tonnes over the first 15 years at a total cost of some A\$3bn.

Another Australian major, Western Mining, also has financing thoughts in mind and they could present a problem. They arise from the fact that Esso has decided to pull out of its 15 per cent stake in Western

development of Yeelirrie. But Western Mining will still need a new partner for the project which will cost about A\$324m in all, especially as the third partner, West Germany's Uranengesellschaft with 10 per cent, is also having second thoughts.

Nor are matters being helped by the Australian trades unions' policy of trying to stop all new mining, milling and export of uranium. Finding a new partner on the right terms may not be easy for Western Mining although the latter's chairman, Sir Arvi Farbo, has said that active discussions are taking place with a number of candidates.

For years Western Mining has been regarded as one of the finest mining investments in Australia, if not the world, because of the company's excellent exploration record and good management. These assets remain but, so too, does the company's present large exposure to the fortunes of an

uncertain market for nickel. At this stage of the game quite a few mining investment analysts are taking the view that there are more attractive investments Down Under. There is a good deal of logic to support this conclusion.

But logic doesn't always make money—remember how Selection Trust were always regarded as being too dear until the British Petroleum bid boosted the share price by 50 per cent overnight?—and Western Mining shares, with their Australian following, won't linger when the rest of the world moves ahead again.

Of more concern is the continuing rather negative attitude to mining within Australia. Some politicians and trades union people there still regard the industry as a mitch cow and will act accordingly whenever the opportunity arises.

A painful reminder of this comes with the news that at a time when coal producers throughout the world are expanding and seeking good money BP's Clutha Development is to close two of its eight coal mines in New South Wales, reduce production at a third property and back-pedal on capital spending.

Operating losses have resulted from several factors, these including widespread industrial disruption and consequent delays in coal shipments, governmental financial demands and high wage costs. On top of this the Japanese, which are Arco's major customers, have switched buying orders to more reliable suppliers in Canada and the U.S.

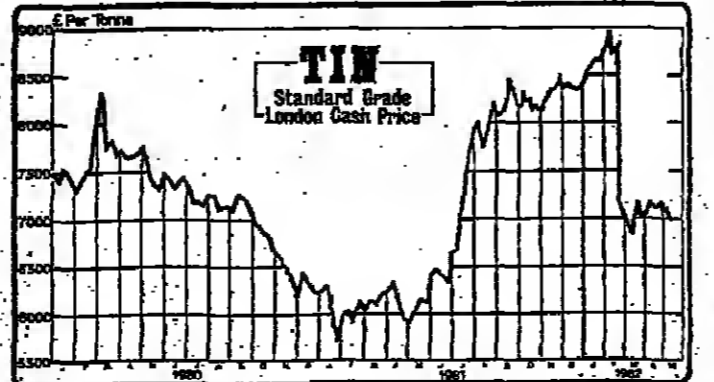
In South Africa, on the other hand, the Anglo American Corporation group's giant Anglo American Coal Corporation (Ampcon) continues to go from strength to strength. Having changed its financial year-end from December 31 to March 31, in order to match that of its parent, Ampcon has reported earnings of R131.3m (£88m) for the 15 months to March 31 last. Worked out on an annual basis and allowing for tax accounting changes this reflects an increase of 47.8 per cent. In order to cover the longer accounting period, shareholders get a final dividend of 95 cents (49p) which makes a total of 186 cents compared with 108 cents for the 12 months to December 31 1980.

Although the cream on profits comes from coal exports, Ampcon has the firm basis of big long term contracts to supply South African power stations. And this, to a country which understands and has a sympathetic attitude to its important mining industry, is reflected in Ampcon's expansion in facing a group expansion programme of an awesome R1.85bn (£958m) in 1981 money terms.

## TIN OUTPUTS COMPARED

	April 1982	March 1982	Total 1982	Total previous year
Amal of Nigeria (tin)	140	1,668 (12)	1,682	1,682
Amal of Nigeria (columbite)	+	90 (10)	189	189
Aokam	106	1,106 (10)	1,007	1,007
Ayer Hitam	123	1,444 (10)	1,122	1,122
Berjental	260	260 (12)	3,243	3,243
CRM Sri Timah	46	33 (4)	219	219
Geavor	113	133 (1)	108	108
Gold and Base (tin)	+	17 (3)	51	51
Gopeng	159	1,058 (7)	3,994	3,994
Kamunting	15	17 (1)	10	10
Kinta Kallias	342	40 (1)	37	37
Malayan	738	756 (10)	5,346	5,346
Pahang	99	92 (8)	957	957
Petaling	79	79 (6)	5,321	5,321
Rahman	721	86 (10)	1,023	1,023
St Piran—Far East	6	16 (1)	7	7
St Piran—UK (South Crofty)	170	246 (1)	163	163
St Piran—Thailand	54	57 (1)	61	61
Sungei Besi	85	92 (3)	73	73
Tanjong	91	91 (4)	514	514
Tongkah Harbour	25	53 (10)	325	325
Trenoh	44	52 (4)	204	204

\* Figures include low-grade material. † Not yet available. Outputs are shown in metric tonnes of tin concentrates.



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**Abbey Unit Trusts**







# YOUR SAVINGS AND INVESTMENTS 2

### Paul Taylor reports on free banking

## Big Four and the Co-op in a new High Street battle

AMONG A spate of dramatic announcements from the High Street banks over the past 10 days Barclays' decision to raise the minimum amount which customers need to keep in their accounts to qualify for free banking from June 1 went almost unnoticed.

So much so that the Manchester-based Co-operative Bank—itsself the centre of controversy following its announcement on Tuesday that it is teaming up with Abbey National Building Society to provide facilities for an interest bearing cheque account—was prompted to accuse Barclays of "stage management."

The Co-op accused Barclays of trying to distract attention away from its new bank charges by announcing its plan to restart Saturday morning banking. Barclays responded by accusing the Co-op of making a statement "tinged with desperation."

Behind this hubbub of activity, into which National Westminster plunged by announcing 100 per cent mortgages and Lloyds by saying that it is moving into the estate agency business, remains the vexed question of bank charges and interest on current accounts.

Both the introduction in January by the Co-op of its own interest-bearing current account and Abbey's move this week are bound to intensify the pressure on the other banks to introduce interest on current accounts.

The major banks have attempted to keep the issue of account charges in the background, emphasising—as Barclays did—that the majority of bank customers (in Barclays' case 63 per cent of its 5.2m account holders) still do not pay any bank charges.

Nevertheless, this is little comfort for those whose accounts do fall below the minimum balance needed for free banking. By increasing the minimum free banking level by £50 to £100 Barclays is reversing a move made in June 1980 in the face of fierce banking charges competition.

The bank's new scale of charges is now more in line with the other major High Street banks but it leaves National Westminster alone among the big four maintaining

a £50 free banking limit. Those customers whose accounts regularly fall below the £50 or £100 limit but who always remain in credit may well be encouraged to examine the free banking services offered by some of the smaller banks and National Giro.

The basic system operated by the banks for determining whether charges are due on a customer's account is complex. If a customer fails to keep the minimum amount in his account for a single day during the charging period—usually three months—then charges may be levied.

**'There is little comfort for those whose accounts fall below the minimum balance needed for free banking'**

Three factors then come into operation. First, the level of charges for different forms of debit; second, the notional interest rate which determines how much the bank allows against charges when the average balance over the charging period is above zero but has fallen below the free banking limit; third, the amount in charges waived by the bank.

There is a wide variation between the banks in all three areas. Most banks charge more for manual debits such as cheques than for automated items like direct debits or cash machine advances. Barclays, in setting its new scale of charges, has drawn particular attention to the relative cost savings, to both bank and customer, of direct debits by reducing the charge for direct debits from 17p to 10p "to encourage their use."

Having foisted up the bill for individual transactions a bank

then assesses the notional interest allowance. Here again there are significant variations between banks.

Both Lloyds and National Westminster fix the notional interest rate allowance at 1 per cent below seven day deposit rates—now 104 per cent—while National Giro sets its rate from time to time and Barclays, under its new scale of charges has fixed the rate at 5 per cent for a year.

The relative advantages of each system for the customer depend on the course of interest rates. If interest rates continue to fall, however, more bank customers will find themselves paying charges.

The next stage is for the bank to subtract the notional interest allowance from the debit bill. The result is still positive the customer may be liable for bank charges.

However most banks still do not charge their customers provided the final bill is less than a fixed amount, usually 25p. In these cases the charges are waived. Barclays' customers will benefit from this element in its new scale which waives charges if they total less than 25p. Second only to the Co-op Bank which does not debit customers for charges totalling less than £1.50.

Customers who find a bank charge debit item on their statement after this complicated procedure will probably still feel indignant.

The banks' response is that they cannot afford to bear the full cost of customer services. For example Barclays says its new charges will cover about 18 per cent of the cost involved, against 12 per cent before the new scale is introduced.

The cost of clearing cheques is particularly expensive and most of the major banks estimate it at between 40p and 50p a transaction. However it is thought that the Co-op Bank, aided by a relatively new automated clearing centre in London, is probably able to reduce the cost per cheque to around 20p. This explains why the bank is able to offer cheque clearing facilities to the Abbey, which will pick up the bill but still pay interest on the cheque account, albeit at a lower rate than for normal building society savings accounts.

## A limited confusion

THE FIRST indication that many small shareholders had that changes were under way in British company law was when old familiar company names began sprouting a confusing new set of initials.

Many of the country's largest companies have now dropped the familiar "Limited" from their title and replaced it with the decidedly less informative "plc." Worse still, companies have yet to agree on a uniform style and plc, p.l.c., PLC and P.L.C. have all been sighted.

Public limited companies—for that is what the initials denote—are in origin a product of an EEC attempt to co-ordinate European company law, though the British Government has since tacked on a number of its own ideas.

Public companies have been required to re-register as plcs under Part 1 of the Companies Act 1980, which took effect in December of that year. However, the 1981 annual reports which have recently been dropping through shareholders' letterboxes have been the first to incorporate the new terminology.

Strange as it may seem, previous legislation, the Companies Act of 1948, made no reference to public companies and did not define them. The only company status which was described was that of a private company, resting on certain restrictions on the right to transfer shares, on the number of members of the company and a ban on its being able to make a public offer of shares.

A public company was simply any company to which these

restrictions did not apply. The latest British legislation, prompted by the EEC's second directive, establishes public and private "limited" companies.

This brings Britain into line with Continental Europe where Germany, for example, has long had AGs (Aktiengesellschaften) and GmbHs (Gesellschaften mit beschränkter Haftung) while the Netherlands has its NVs (naamloze vennootschappen) and BVs (hesloten vennootschappen).

The most important requirement for the new plcs is that they must have a minimum nominal share capital of £50,000 and that at least a quarter of that must be paid up.

This means that companies limited by guarantee (whose equity capital consists of a pledge from its members to contribute a fixed amount should it be wound up) and companies with a smaller capital automatically become private companies with the "limited" suffix.

Only plcs will be able to raise money from the general public by new share issues, but they are subject to more stringent requirements than private companies when distributing profits or buying their own shares.

Old-style public companies were given until March 31 to re-register although by the end of April, the last date for which data is available, only just over half had done so.

Of the estimated 8,000 companies expected to register 2,188 had been listed as plcs and a further 2,231 as private companies. A number of others

were being processed by the Department of Trade while some were still putting resolutions to their annual meetings to authorise the re-registration.

The department has the power to impose penalties—including fines—on companies which fail to register but it this week said it had no plans to actively pursue defaulters. "I don't say we will leave everything in the air for ever but there will be no great drive to get at them," an official commented.

Many of the companies which have failed to re-register may be dormant or have changed their address. A number are known to be residents' associations in company form which are probably unaware of the change in the law.

The Institute of Directors reported a "modest" level of inquiries from its members about what the change in the law meant for them. "The fact that these new initials are appearing after a familiar company name may be confusing for the general public. But for most companies it is a morning's work to sort it out," said Mr Andrew Hutchinson, principal research executive.

More important issues have been raised by the new company legislation—such as disclosure rules, the abolition of the Registry of Business Names and a company's right to purchase its own shares. But for small shareholders "their" company's new title has been the first sign of change. It represents the tip of a very big iceberg.

Charles Batchelor

## Banging the drum

THE annual launch of the Investment Trust Yearbook by the Association of Investment Trusts has been accompanied by more than the usual amount of banging on the drum. This year the association is 50 years old. An occasion marked by much wining and dining in London and Edinburgh.

As usual the book is a wealth of statistical information as befits the official reference book for a 29th sector. And again for the coverage has been expanded. This time a new section analysing the portfolio features of the industry is included.

One other change in the 1982 edition is that the outside view normally presented by a "senior financial journalist" has been replaced by two articles—one from a private investor and one by a fund manager.

The private investor, Mr M. Passey, a lecturer in law at Leeds University, has approached his task from a reasonably critical point of view. Investing in trusts is a "hobby" for him. So far not a particularly profitable one to judge by his comments. But then he admits that he has "perhaps tried too hard."

The institutional investor, Mr D. Prosser of the National Coal Board Pensions Funds, has put forward well worn arguments on the sector that buying trust shares is buying assets at a discount of up to 30 per cent but also, for the institution at least, it means duplicating management costs. Yet what else could be said? And he develops the theme beyond its usual over-simplification.

The movement itself worries continually about the discount that its members' share prices stand to the underlying asset value—little thanks for a good performance. Association chairman, Lord Mark Fitzalan Howard in his opening to the book says "Despite a competent performance... the average

level of discount widened somewhat perversely from 23 per cent in March 1981 to end the year at almost 25 per cent." Last year the sector's total return on assets was 12.6 per cent against 11.7 per cent for the All-shares.

Yet the discount is nothing more or less than a reflection of the demand and supply equation and all the talking in the world will not change it. There is an oversupply of investment trust paper overall. Stockbrokers Laming and Cruickshank suggested in their last annual review in November that £1bn of trust paper had to disappear. Over the years there has been a trickle of bids, liquidations and unitisations but nothing approaching this scale until recently.

Two management houses, Robert Fleming and Touche Remnant, have reorganised their trusts. The former got totally wrong-footed by institutional reaction to its proposals and ended up unitising three trusts, about 20 per cent of its portfolio. TR got off a little more lightly, but there is still a long way to go to get to Laming and Cruickshank's £1bn mark.

The market, and the companies, have started watching share stakes just as closely as performance tables. For the trusts where the more hard headed institutions are building up holdings are the trusts where the sparks could fly next. They will be looking for ways to narrow the discounts to their own benefit.

And this year? Last word appropriately to the chairman: "1982 will witness its disappointments and its successes, some expected, some unexpected... Hard to argue with that."

The yearbook is available from The Association of Investment Trust Companies, Park House, 15, Finsbury Circus, London, EC2, or Financial Times Business Publishing, Graylock Place, Fetter Lane, London, EC4. Price: £12.50.

Terry Garrett

## World Cup currency

### COINS

JAMES MACKAY

THE WORLD CUP Football Championship has come a long way since its inception in 1930 when Uruguay staged the tournament as part of the country's centenary celebrations and 13 countries participated.

Until now coins honouring the World Cup have been mainly confined to the host country, but it was inevitable that this should spread to other participating countries, in the same manner as Olympic and other sports coins of recent years. In December 1980 International Coins and Currency Inc. of the U.S. unveiled plans for the marketing of commemorative legal-tender coins from World Cup countries.

Having secured an exclusive right to the FIFA logo, ICG approached more than 40 of the 103 countries likely to take part in the 1982 championship and this has resulted in an ambitious coin programme which an estimated 15-24 countries will support. This programme is being handled in Britain by Paramount International Coin Ltd of Swan House, 207 Balham High Road, London, SW17 7BQ.

The first part of the programme consists of eight silver coins, issued by the People's Republic of China, Ethiopia, Hungary, Jamaica and Turkey. These coins feature the official emblem of Espana '82, a football with parallel lines to the left simplifying its trajectory.

This serves as a useful common denominator for a series of coins which are disparate in their style and treatment of the football theme, ranging from the abstract motifs favoured by Hungary to the lively action shots on the coins of China and Ethiopia. These coins are available on a subscription basis and are being released at a rate of approximately one every six weeks. The second series will consist of six gold coins from China, Ethiopia, Jamaica and Turkey and these will be released at quarterly intervals, thus taking the programme well into 1983.

Spain began its numismatic preparations for the World Cup two years ago when an entirely new definitive series was released. These coins had the standard obverse bearing a left-facing profile of King Juan Carlos and the date 1980 at the foot. The set comprised six coins, in denominations of 50 centimos (aluminium), 1 peseta (aluminium-bronze) and cupronickel 5, 25, 50 and 100 pesetas.

Each coin bears the title ESPANA 82 and a stylised football allied to various symbols and heraldic devices on the

reverse. With the exception of the 50 centimos, which was only issued in 1980, these coins have appeared each year since 1980. Although the date on the obverse has remained the same, denoting the year of authentication, the actual date of issue is denoted on the reverse by digits contained in a tiny six-pointed star. Those bearing the digits 80 and 81 are plentiful in general circulation and already the 25 ptas with 82 star has been released, with the remaining denominations following shortly. The only coin not circulating generally is the 100 ptas but it is readily available from the Spanish banks.

With three of the four home teams qualified for the championships in Spain it is a pity that Britain will not be issuing any coins for this event. This defect has been remedied, however, by the issue of Man which is holquely situated between England, Scotland and Ireland and has many links with the countries whose teams will be taking part. Consequently a series of four crowns was authorised by Tynwald and these have now been released in cupro-nickel for general circulation, as well as in various proof and precious-metal versions for the collector market. Full details of these coins may be obtained from the Pobjoy Mint Ltd, Oldfields Road, Sutton, Surrey.

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## Perhaps the bravest man I ever knew...



## and now, he cannot bear to turn a corner

Six-foot-four Sergeant 'Timy' G'rrr, DCM., was perhaps the bravest man his Colonel ever knew. But now, after seeing service in Aden, after being booby-trapped and ambushed in Northern Ireland, Sergeant 'Timy' cannot bear to turn a corner. For fear of what is on the other side.

It is the bravest men and women from the Services who suffer most from mental breakdown. For they have tried, each one of them, to give more, much more, than they could in the service of our Country. We look after these brave men and women. We help them at home, and in hospital. We run our own Convalescent Home and, for those who are homeless and cannot look after themselves in the community, our Hostel gives permanent accommodation. For others, there is our Veterans' Home where they can see out their days in peace.

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## Conundrum of falling incomes

IN 1981 real disposable incomes fell in Britain by about 2 per cent. Yet retail sales since the turn of the year have proved strangely buoyant, even in volume terms; and consumption still seems to be rising in defiance of the trend in incomes. Any answer to this conundrum needs to indicate how the extra consumption is being financed and how long it can go on.

Part of the explanation is that people have been saving less: during 1981 the personal sector savings ratio dropped from almost 18 per cent to less than 14 per cent over the three months. It could be that this reflects confidence that the inflation rate will continue to fall, reversing the process whereby higher inflation in the 1970s drove up the personal savings rate in the first place. If personal wealth is suffering less inflationary erosion, people may be willing to use more of their income for current consumption.

Another piece of the jigsaw is much higher personal borrowing over the past year, when banks and building societies have fallen over each other in a scramble to grant more mortgages, and the clearing banks have stepped up their promotion of other lines of personal credit. The success of this campaign now seems to be showing through in some rather modest bank lending statistics.

It is quite possible that the story is almost wholly that of some people saving less and others getting themselves more and more deeply in debt. In that case, as the squeeze on real income prolongs itself, consumer spending will naturally tend to slow down. The personal sector has in recent months become uncomfortably highly geared, so the temptation to take on more loans should be heading for a decline. There is in any case not much room in the banking system for advances to go on growing faster than deposits for very long.

Other ways for expenditure to get financed may be less likely to fall back in line with incomes. For instance, earnings from the "black" or unofficial economy do not, as a matter of definition, appear in the official calculation of real income levels. But there is little reason to suppose that moonlighting is currently on the increase.

What might well have become more significant, however, is the liquidation of assets, particularly houses, so that the resulting cash can be spent in the shops. An increasingly fashionable view is that this sort of "dis-saving" may be quite influential perhaps adding as much as £1bn to UK retail spending last year and could go on increasing for some time. Stockbrokers McAnally Montgomery have recently focused on this un-freezing of bricks and mortar, for consumption, feeling unconvinced that the more conventional explanation in terms of lower savings and higher credit can be complete.

The reason it is possible, they argue, is seated in the post-war growth of owner occupation, which has more than doubled

over the past 40 years to include 55 per cent of the UK housing stock. With house prices averaging £20,000, wealth of some £240bn has been accumulated. But increasing numbers of those who bought their first house in the post-war years are now dying, leaving houses to children who have already themselves become home-owners.

Someone who inherits a house which is surplus to requirements will probably release it on to the housing market. A usual strategy is to market both houses and trade up, but releasing some cash in the process. Much of this residual cash will be saved. But around £34bn worth of houses are traded each year, and McAnally believe that a sixth of this total could represent inheritances. If only a small proportion of this were spent on consumption, they say, it seems unlikely to be insignificant in the context of the £5bn increase in UK retail sales by value last year.

For every seller there has to be a buyer. The cash that goes into the hands of wealthier middle aged groups to be spent on cruises, private medicine and luxury cars—all spending categories which seem to be doing quite well at the moment—is financed by the borrowings of younger house-buyers, whose retail spending power is correspondingly squeezed. To the extent that there is extra money in the personal sector, it is being created by the banks.

Jeremy Stone

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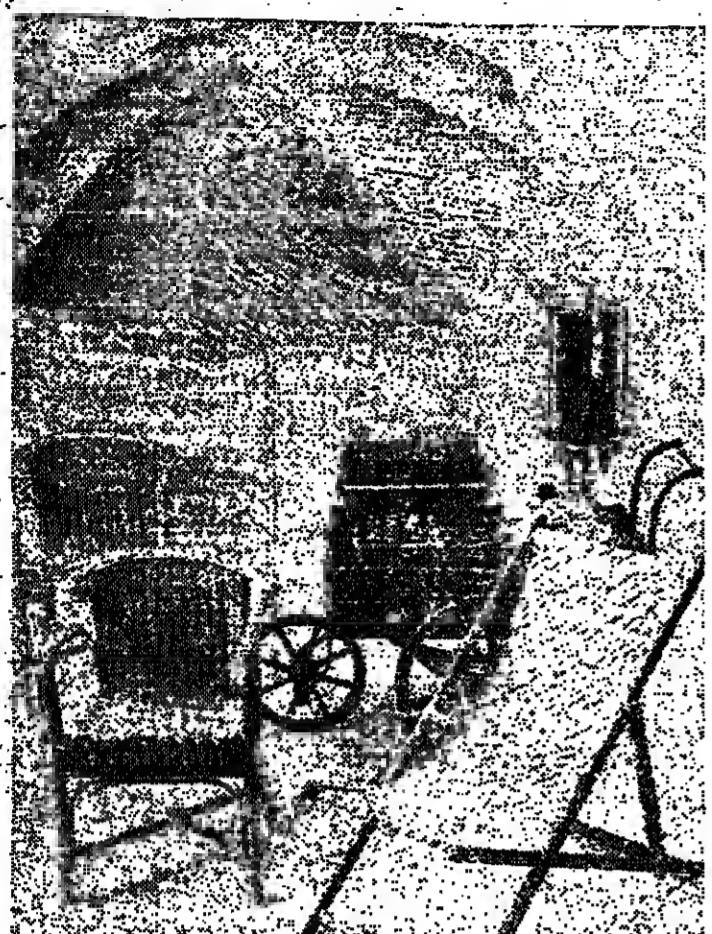




# HOW TO SPEND IT

by Lucia van der Post

## Summer living and . . . summer health



HABITAT shops are a good source for finding quite simple items like deckchairs and parasols that have been transformed by the very obvious device of using unusual fabrics and colourways. As you can see from the photograph the deck chair and parasol are made from matching fabrics (a natural background with pastel dashes) and provide a welcome change from the more ordinary stripes one sees everywhere. The deckchairs are £14.95 each, the parasols, £24.50. There is the choice of an alternative fabric—again exclusive to the Habitat shops—this time a pastel-coloured floral design on a natural background.

For those who like to present a co-ordinated look to the world, Habitat offers a diagonally-striped beach-towel which co-ordinates with the "dashes" fabric shown on the parasol and deck-chair—should make a very chic picture when sunbathing languidly beside poor or patio.

In 100 per cent cotton, 100 cm by 105 cm, it is £8.95.

If you fancy the parasol but don't have a table to fit it into Habitat sells one of the cheapest parasol tables I know. At £37.50 it has a top made from white wooden slats and metal-folding legs. The diameter is 40 in and the height 28 in.

If you like peripatetic picnics there is a red slatted table that folds up and fits into its own travelling bag—oot the table to seat a convivial gathering but it would at least hold all the picnic food. It is £18.75. Still on the fold-up theme there are beech-framed chairs with blue or yellow canvas seats and sides at £24.95 each which are good looking enough to use as extra chairs indoors when winter comes.

For picnics there are sets of brightly coloured plastic knives, forks and spoons, at 50p for packs of 12—choose from green, yellow or red. Finally, those lovely Mr Toad rattan chairs in the photograph are £29.50 each.



THE look in swimsuits this year is almost straight out of Hollywood—cut-away thighs, designed to make the legs look longer, cut, strappings bandeau tops to give that authentic Esther Williams effect. There are lots of very bright colours and the whole look is much more glamorous than last year's understated style. An Italian company has produced a range of clever swimwear with lots of matching accessories which seems to say it all. Look out for the name Anna Club.

The range isn't cheap but the swimsuits are beautifully cut. The swimsuit sketched is made from Lycra and is £32, the cordigan is cotton, £58.

For lounging about beach or poolside there is this cotton culotte and T-shirt set. The background colour is white, the strawberries either red or green. The culottes are sold as part of a set with a short-sleeved T-shirt (£49), the long-sleeved boggy T-shirt top is £46.

There are some 50 outlets for Anna Club swimwear up and down the country—Harrods of Knightsbridge, London SW1, has a particularly large selection and they can also be found in Rags, 23 High Street, Cowbridge, South Glamorgan, Wales, or Young Ideas, 3 Market Place, Ashbourne, Derbyshire.

THE HEALTH craze in this country hasn't quite reached the proportions that it has in America—but it is on the way. Hyde Park is alive with the soft padding of joggers at the early morning of the morning, health food shops are flourishing and if we turn out to be anything like as successful as the Americans in reducing the annual coronary statistics it will all have been well worth while.

A bright go-ahead company called WL (for William Levene) Housewares which specialises in brightly-packaged inexpensive kitchenware has recently caught the way the wind is blowing and come up with a group of products which it calls the Health Watchers. All are designed to help those who want to keep their weight down and eat lighter, less oily, more nutritious food.

WL has kicked off the programme with six products of which the star is probably the sturdy cast iron grill pan (see it in the photograph above right). Very good-looking with a matt black surface, a good wooden handle and a lip for pouring out any fat or juices, it enables you to cook without using fat. At £7.99 it strikes me as very good value.

Photographed with it is a metal prong on which a chicken



can be roasted (the vertical cooking means the fat drips off and the resulting chicken has fewer calories and less cholesterol). Incorporated in the device are four prongs for baking potatoes. It comes in its own blister pack for the remarkable price of £1.49.

Also in the photograph is a

vegetable steamer. Not only is steaming the way to produce crispier, more delicious vegetables, it actually preserves more of the vitamins as well. This steamer fits into many sizes of pot and is £2.49.

In the photograph left is the rest of the Health Watchers range. There is a yoghurt maker of a very streamlined design which comes complete with thermometer and instruction leaflet. In beige and brown, it is £9.49.

To its right is a gravy strainer which has a special spout which separates the oil (resting as it is wont, at the top of the liquid) from the rest of the juices. Made of clear plastic it is £2.49. Finally, there is the oil well—this is a device to enable the cook to use as thin a film of oil as possible when oil is absolutely essential (as for cooking pancakes).

The container has a well into which a brush with special notches for adjusting the amount of oil can be dipped. It is £1.99.

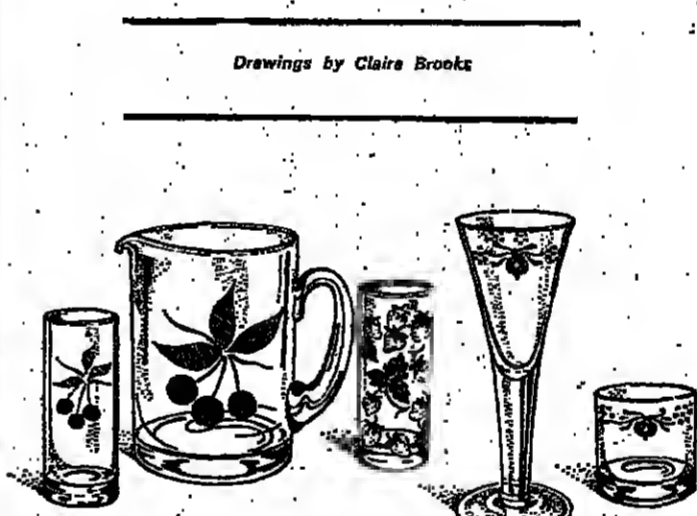
WL Housewares products are in supermarkets and kitchen departments up and down the country including Selfridges, London W1, major branches of Timothy Whites and all Lewis's stores.



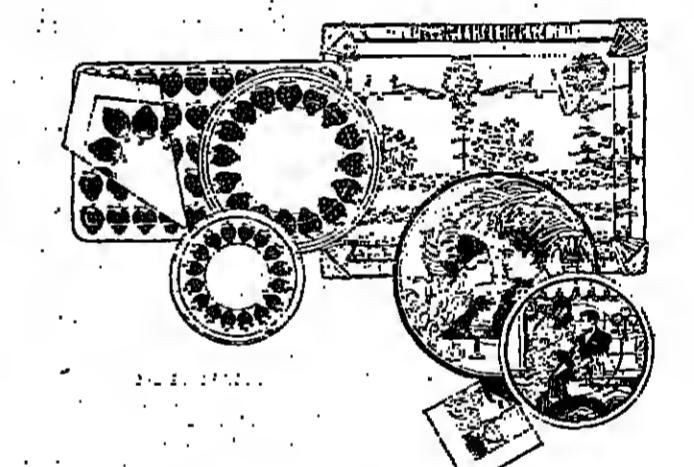
FOR picnicking in style, when champagne or chilled white wine is de rigueur, the champagne house of De Lahaye has come up with a portable insulated container which when filled with crushed ice will keep two bottles chilled for hours. It can only be bought containing a bottle of De Lahaye's 1973 vintage champagne (according to De Lahaye, for Him) and a bottle of pink champagne, non-vintage (shame!)—for Her. £35 direct from De Lahaye Champagnes, Mill Lane, Kinvor, Stourbridge, West Midlands, DY7 6LH.



SOME readers may remember an exceptionally streamlined vacuum-flask that I featured on this page about a year ago. A clever design by the Danish designer Erik Magnussen (see it photographed at the back here) he has now turned his attention to the ice-bucket and has produced an equally streamlined model shown here sitting on a matching tray. The ice-bucket is made from white, red, blue or black ABS plastic and is £18.50. The tray (in identical colours, also designed by Erik Magnussen and made from ABS plastic) is £8.25. The stainless steel ice tongs, designed by Arne Jacobsen are £4.50 and the vacuum flask, for those who missed it at the time, is £18.25. All are available from Argenta, 82 Fulham Road, London, SW3 which will post any item to any part of the UK for an extra £1.50.



THERE is at the moment an exceptionally large selection of very pretty glassware about—much of it comes, ironically, from Poland. Sketched here, left to right, are two pieces from a cherry-bedecked range—the long glass (5 1/2 in high) is £2.15, the jug (6 1/2 in high) is £9.86. Both are from the Covent Garden General Store at 72 Long Acre, London WC2, which many readers in search of last-minute shopping or presents might like to know is open until midnight six days a week. Next comes a red and green strawberry bedecked glass (5 1/2 in high) at £1.25 from Way In Living at Harrods (can be posted for an extra £1 each or £3.65 for 6). Finally, two more glasses from the Covent Garden General Store—blue-rimmed, with blue, green and pink floral design, the tall wine-glass (8 1/2 in high) is £4.35, the tumbler (3 1/2 in high) is £3.35.



FOR summer outdoor eating, or for feeding large numbers when you either do not have enough china to go round or cannot face the washing-up, the Paper Party Shop at 15, Margaret Buildings, Bath, has one of the largest selections of paperware that I have seen. Whether your taste runs to the pretty, the smart, the dashing or the "retro", The Paper Party Shop is likely to have the whole range of everything the well-run party needs—from sturdy plates in several sizes, to paper napkins.

Sketched left is the strawberry selection (but the strawberry tray at the back is plasticised and comes from Harrods of Knightsbridge—£14.50, £3.50 p-p) while in the front, right, is a very elegant 1920s design in shades of black, cream and brown. Prices are £2 for 24 paper napkins, £2.50 for one dozen 11 1/2 in plates and £1.75 for one dozen 9 in plates. The large tray in the background has a bamboo surround and a fire-glass base—£14.95 from Way In Living at Harrods of Knightsbridge. There is also a range of matching accessories like napkins, tablecloths, glasses and cushions.

### CHESS

LEONARD GARDEN

LAST WEEK'S play-off for the Western Europe zonal championship at Leiden had a remarkable result and incidentally illustrated a match-and-tournament rule which sometimes confuses amateurs. The four-man event was to settle a tied result in the original zonal and to qualify three players for the next stage of the world title series.

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Mestel had already beaten Nunn, this meant that Nunn, Britain's recognised No 1, was in great danger of elimination. With two rounds to go, Nunn was still in last place. Badly needing to beat van der Wiel with the white pieces, he advanced his king's side pawns in an all-out attack. Van der Wiel kept calm, repulsed the threats, and emerged a pawn up with a winning position. Meanwhile, Stean and Mestel, observing events and the likely disaster to their colleague, quickly agreed their own game draw.

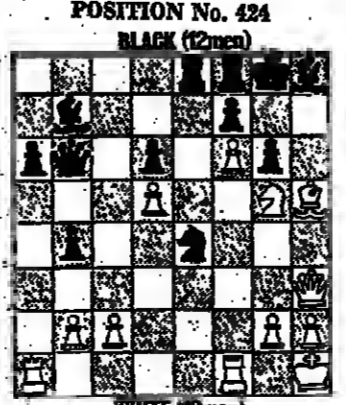
Now all four players were level, each with 2 1/2 points out of five, and only one round remained. FIDE, the World Chess Federation, had provided for such a contingency with a complex set of tie-break rules. The one which mattered was that the player or players who had most wins would go through. Stean had drawn all his five games, the others each had a win and a loss. Suddenly Stean had to defeat Nunn in the final round to escape elimination; but he made little progress and offered the draw in 20 moves when he already stood worse.

Mexico City beginning on July 29. The British Chess Federation has launched an appeal for funds so that both can have an experienced second to help with opening preparation and adjourned games analysis. Under FIDE rules the host country provides hospitality only for the player while government grants for air travel also relate only to the principal and not to his helper. On previous forms the Russians, with four grandmasters in Las Palmas and four in Mexico, will provide a strong back-up team for all their players.

Meanwhile, the manner of Stean's elimination is sure to provide a talking-point. Should such systems as Sonneborn-Berger, sum of opponent scores, and more wins be used to decide such important events? FIDE's zone president for Western Europe, Kevin O'Connell, was willing to sanction a sudden death play-off by fast chess if there was another tie in Leiden provided all the players agreed beforehand; but this unanimity was not forthcoming. The fact remains that, particularly in view of the absence in chess of an annual world championship, artificial tie-breaks are being used to make or mar a grandmaster's career for years to come.

question concludes the game by checkmate or stalemate. This week's game is a recent win by Mikhail Tal, ex-world champion and still among the finest players. His technique between moves 9 and 16 is a typical and recurrent attacking plan, worth remembering for when you have the white side of a Queen's Gambit.

White: M. Tal (USSR). Black: E. Abramovic (Yugoslavia). Queen's Gambit (Moscow 1982).



J. van Wert v. P. D. Price, Amsterdam 1982. White (to play) continued 1 N x N and eventually drew. What did he miss?

The annual fixture between the London Stock Exchange and the Amsterdam Bourse began in 1891 and is among the longest-running international chess fixtures. Amsterdam, playing at home, won this year's eight-board, double-round match by 87-71. Maximum points for London were scored by R. C.

### BRIDGE

E. P. C. COTTER

IN MY FIRST example today, which occurred in a rubber of high standard, the declarer played brilliantly to land his game contract:

N  
K J 4 3  
K J 8 2  
A J  
6 5 4

W E  
7 6 5 4 3 2  
K Q 10 9 8 7 6 5 3 2  
A Q 9 8 7 6 5 3 2 1 0

S  
A 7 5  
A Q 10 6 5 3  
4  
K 8 2

East dealt at game to East-West, and after a pass South opened the bidding with one heart. West overcalled with two diamonds, and North raised his partner to four hearts, which became the final contract.

When West led the diamond King, the declarer could see nine top tricks, and at first sight it seemed that the contract depended upon avoiding a loser in spades, either by dropping the Queen or by a successful finesse. But, looking deeply into the position, South saw the solution: an elimination play.

Winning the diamond King North dealt with both sides

with dummy's Ace, the declarer drew trumps in two rounds with Ace and King, and cashed Ace and King of spades. Then came the key play. The diamond Knave was returned from the table, and on this South's seven of spades was discarded. West was forced into the lead, and was employed. Whatever he played would set up declarer's King, a diamond would concede a ruff discard.

"Oh! very convenient," you say, "for West to hold only two spades." You miss the full beauty of the declarer's play. If West has another low spade and leads it, the suit has broken, and the fourth spade is established. If West has the Queen left, he is equally helpless, and let me add, if he started with four spades, headed by the Queen, he still cannot escape.

I accept your apology! The second deal is again from a rubber, but the standard was lower:

N  
K 8 4 3  
6 4  
9 7 5  
Q 10 6 5

W E  
Q J 10 9 8 7 6 5  
K 7 5 2 10 J 10 9 8 3  
Q 10 8 3 6 4 2  
9 8 7 4 3

S  
A 9 7 6 2  
A Q  
K J  
A K J 2

vulnerable, and after two passes South said two trumps, North tried three clubs—Staysman, not Baron—South rebid three spades, and North gratefully raised to four spades.

West led the spade Queen, won with the Ace, and declarer returned a spade to the ten and King. Now a heart was led, East playing the Knave, and the Queen finessed, losing to the King. West cashed his Knave of spades, and exited with the heart two. South won, made his clubs, finishing on the table, led a diamond, and played the Knave. West won, and led back a diamond for East to take the setting trick. "Unlucky guess in diamonds," said South, by way of excuse, and North did not question his partner's summing up. But was South unlucky? Let us replay the hand together, and see what we can do.

We win the opening lead on the table with the King, return a heart, and finesse the Queen. If the finesse wins, the contract is secure. As the cards lie, West takes with the King, and continues with the spade Knave, East following out. We win in hand, cash the heart Ace, and run the clubs. West wisely refuses to ruff, but all to no purpose. We throw him in with a spade to his ten, and now he has to lead a red suit. A heart lead concedes a ruff discard, and a diamond lead eliminates the guess for the declarer.







Handwritten note in Arabic script: "كل من لا يعمل"

LEISURE

The best of British spas

THIS IS NOT the place to add to interminable arguments over the benefits or otherwise of spa waters. The facts are that they have been put to some form of use more or less since we washed off our woad, and that their fortunes have fluctuated along with medical and social fashions ever since.

Another fact is that spa resorts are often extremely pleasant places which account for the modest but tangible current trend towards their promotion. When Daniel Defoe came to Bath early in the 18th century he described it sourly as "a place that helps the indolent and the gay to commit that worst of murders—to kill time."

Defoe's visit to the spa came soon after Queen Anne's which set upon it the seal of fashionability. It already had a splendid perpendicular abbey and now, in the following decades, was added a surrounding grandiose elegance. The glorious honey-coloured local stone, declared useless by London architects, was exploited to magnificent effect by Yorksbremen John Wood the Elder and the Younger, and against this setting the amazing Beau Nash took charge of the manners and public relations of one of Europe's most stylish resorts.

Despite some earlier Roman discoveries, the site of the city's spectacular Roman Baths remained unknown until, in the 1870s, they were discovered by chance while the city engineer was investigating a leak. Today, the Abbey, the Pump Room, the Roman Baths and adjoining museum provides a unique cluster of urban history in the heart of what was once the walled city of Bath. A major

TRAVEL

SYLVE NICKELS

archaeological programme continues to make fabulous finds concerned with the life and times of those early masters in the art of good living in which the Bath waters played such a dominant role. And now, quite possibly, it may all be about to happen again.

In 1979, Bath made the devastating discovery that its waters were contaminated and the taps, so to speak, were smartly turned off. Now, pure sources have been thoroughly investigated and Bath's rebirth as a fully operating spa is currently under discussion involving a multi-million-pound plan and a consortium with international (including Roman!) interests. If agreed, it will entail the massive refurbishing of existing baths and treatment centre, and the addition of at least two hotels with treatment facilities.

Arguments over the pros and cons of the venture have echoed round the city precincts. A final decision is imminent. This ambitious project—rather sadly perhaps—kept Bath aloof from a recent promotion by the British Spas Federation in co-operation with the British Tourist Authority, aimed at reviving interest in atmosphere and style as in their therapeutic qualities. Nine are described in an informative free folder "The Spa Resorts".

Four of them—Cheltenham, Malvern, Droitwich and Royal Leamington Spa—are fairly close to each other in the heart of that most English of scenery as epitomised by the Cotswolds, the Malvern hills and the sweeping Warwickshire countryside. Malvern happens to be the source of my favourite spa tipple

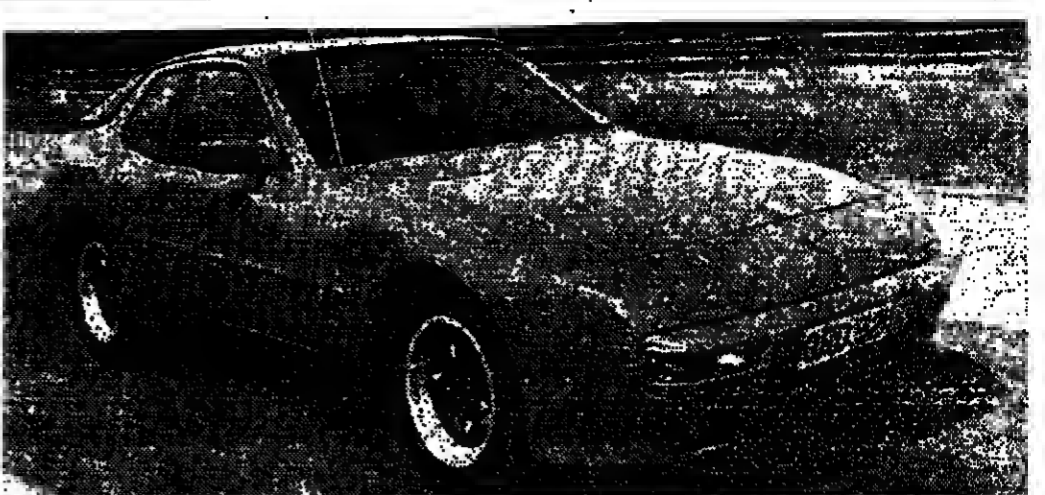
Many of the methods used in the early days of spa treatment sound more like forms of medieval torture. They have, of course, been thoroughly refined and, as far as most British spas are concerned, nowadays consist mainly of a gentle imbibing of the waters. Many swear by the results. The people who ran the café adjoining St Ann's Well (the café being on a mains water supply and not officially allowed to draw from the source) regaled me with stories of cures before I walked on up to Worcester Beacon where, at nearly 1,400 feet, my horizons ranged from the Cotswolds to the Radnor Mountains.

Such excursions are among the bonuses of many of our spas. Some have obvious other attractions, such as Cheltenham's races. Across the border in Wales, Llandrindod Wells is ideally placed for varied touring of the Principality and is currently putting the finishing touches to a major restoration of its spa buildings. Visitors who chance upon it between September 11-18, incidentally, will find themselves stepping back a century for the whole town will be enacting its Victorian Festival. Up in Yorkshire, Harrogate has moved smartly into the 1980s with its spanking new Conference Centre, recently playing host to the European Song Contest. The three remaining spas covered by the promotion are Buxton in Derbyshire, Royal Tunbridge Wells in Kent and Woodball Spa in Lincolnshire.

Further information: The Spa Resorts is available in English, French, German and Dutch from BTA, 65 Essex Street, London, SW1A 1NF. Information on Bath from the Director of Leisure and Tourist Services, Pump Room, Bath, Somerset House is at 10 Damsford Place, Bathwick Hill, Bath, Avon BA2 6HF.



The Circus, Bath



The Porsche 944. Not at its best in town, but a magic carpet for two on the open road.

Porsche's super cruiser

MOTORING

STUART MARSHALL

THERE ARE horses for courses—and occasions when a Porsche 944 is an unattractive mount. In town, for example. The non-powered steering is heavy and winding the car in and out of confined spaces is laborious. Poor visibility to the front and rear quarters is an embarrassment in thick traffic. At low speeds, the five-speed gearbox and long throw clutch are awkward.

My initiation was to run the delivery driver down to the station, where I had trouble extricating the Porsche from the Rover and Jaguar crowded yard. When reversing, you can't see the road within 20 feet of the back bumper. I began to wonder if Porsche had done the impossible and produced a car I wasn't going to enjoy.

But I need not be worried. That evening, a dental surgeon friend of mine who is as knowledgeable about cars as I am about impacted wisdom teeth (or whatever) called round to see me. He had heard that the 944 was standing in my drive.

6,000 rpm, which the 944's engine whips up to willingly. It feels like a good multi-cylinder. The reason why the 944 has a four and not six-cylinder engine is all to do with fuel economy. A four has fewer moving parts than a six or V8 and lower frictional losses. As a result the 163 horsepower 944 has comparable fuel economy to the 125 horsepower 2-litre 924 model: a consumption of nearly 30 mpg, given from self control or in the middle 20s if you are really using the performance. From 0-62.5 mph takes 6.4 seconds in the manual 944, 9.6 seconds in the optional automatic, though both versions have the same 137 mph maximum speed. The manual, geared for a shade under 23 mpg per 1,000 rpm in fifth, is a relaxed motorway cruiser.

The 944 was developed from the 924 Carrera GT which ran flawlessly as a prototype in last year's 24 hour race at Le Mans, finishing seventh. Because the 2.5 litre engine is made of light alloy, it is considerably lighter than the 924 Turbo's unit. Weight distribution is a perfect 49.51 balance between front and rear wheels—the entire transmission is rear mounted with the engine alone up front.

To be honest, the 944 is straining at the leash all the time it is held down to legal limits. On winding roads, its all-independent suspension and 70 series Pirelli CN36 tyres allow 60 mph to be sustained as though the bends weren't there. It is a car that one thinks around corners rather than consciously steering it. The ride,

given that there is a fair amount of tyre thump on rough surfaces, is comfortable. The seats are firmly supportive but don't feel like orthopaedic beds. Though nominally a two-plus-two, the rear seats have negligible leg room unless the front ones are pushed well forward. Porsche say the 944 is fine for two adults and two children and I suppose the back seats could take a couple of adults, too, if those up front sacrificed most of their legroom. But I see it as a two seater, a super long distance cruiser car.

So why buy a 944? Not, I would have thought, as a management tool, because its worst aspects come to the fore in town and that is where most business motorists perform spend a lot of time. But as an indulgence—a reward for hard and profitable work—I think so. It really is a car one takes out for the pleasure of driving; a car in which the journey is an end in itself.

Standard equipment for the UK market, where the manual five speed costs £12,478 and the automatic £13,478, includes a top quality stereo radio and tape player, electric windows, tinted glass and washers for the disappearing headlamps. One can have an overtaking warning on auxiliary lamps set in the bumper. There is a rear wiper, but no wash—it's only needed to clear raindrops off the glass before one drives away. The mirrors are electrically adjustable.

The British market is important to Porsche. That being so, they really should convert the front and rear screen wipers to right-hand drive. The unpaired blind spot in the top right corner of the windscreen is a black mark I am compelled to award to an otherwise hard to fault out-of-town driving machine.

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How long do the best last?

AMONG THOSE who buy vintage wines to lay down, the question most often heard is, "when will it be ready to drink?" It is not so much that the questioner is dying to draw the cork, as that he or she is dreadfully afraid that they will "miss" the wine at its best, and find that their cherished bottles, bought some years ago after prolonged consideration, are past their best before a glass has been drunk.

Generally speaking, they have little to fear. Most vintage red wines with claims to distinction have a considerable span of life, and after climbing slowly to maturity will thereafter remain on a plateau for some time; and thereafter go down hill gradually. Fine white wine too will often have a longer life than is expected. I do not always entirely follow Michael Broadbent in his splendid The Great Vintage Wine Book in some of his forecasts of longevity. I would not think, for example, that Latour 1959 can be kept until 2050, or that Mont-Roche 1971 will still be at its peak in 2010; though I shall not be there to see, even on the earlier date. But there is nothing impossible about a fine claret lasting 100 years, let alone a mere 40. It all depends on the vintage and the character of the wine itself. However, he is right to emphasise that good vintage wine keeps.

Indeed it is almost certainly true that much more wine is drunk too soon than is left too long before being opened. This particularly applies to wines in restaurants, few of which have the resources to lay down wine for any length of time, and so their customers often have to accept immature red wines, and, not infrequently, fine white wines too. For it is widely assumed that white wines are ready to drink as soon as they are put into bottle. This is true of the lesser types, such as Muscadet, Sancerre, the minor Alsace, Austrian and German whites; and the Italian whites. Even here there may be variations in the time scale, and much depends on personal taste. I remember saying to an excellent producer of Sancerre that I found his wine a bit green when first bottled in the April after the vintage, and that it had rounded out by Christmas. "Not at all," he replied, "I like it best in the January after it has been made."

Moreover, fine German wines are nearly all drunk too soon. The 1971 Spätlese and Auslese Rieslings from the leading estates are delicious today. On the other hand, the more recent, generally rather poor years are unlikely to develop very much in bottle. It is all a question of balance. So the 1976s, coming from an exceedingly hot year, are inclined to have too much sugar in proportion to acidity; and it is the acidity that keeps a wine, red as well as white; though if there is too much of it, a wine will dry up, as shown, for example, in the 1957 and 1972 clarets. Certainly fine white burgundies improve with age, though the 1976s seem to share a lack of acidity with the German wines, and it might be as well to drink them fairly soon, and keep the better-balanced 1978s. Yet not only are the 1973s still excellent, but so are many of the 1971a; and recently I drank English-bottled 1968 Meursault, Gevreyères and Puligny-Combettes that, although coloured, were beautifully full and round. I mention that they were English-bottled, because wines shipped in bulk are likely to last less long than those bottled at source. This is not to say that all French-bottled 1966 white burgundy is still in fine condition. It all depends, and as with champagne of some age, it is also a matter of personal taste.

WINE EDMUND PENNING-ROWSELL

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Then, the late Henri Wolter, who made the fine white Graves, Laville-Haut-Brion, used to say that no fine white Graves should be drunk before it was 10 years old. Accordingly, when I recently opened a bottle of white Domaine de Chevalier 1970 I was not surprised to find that it was still very pale and fresh, while having plenty of fruit and flavour; it should still last years. When it comes to red wines a great deal depends not only on the vintage but on the class of the wine. Whereas, for example, it would be a pity, as well as disappointing, to open a good classed-growth 1975 claret, the petits châteaux are drinking very agreeably today. One may say the same about the 1970s. It is a much a mistake to think that a "small" wine of a good vintage will keep as well as a grand cru, as to open the latter prematurely. Similarly one cannot expect a good Rully or Givry from the Côte Chalonnaise to last as well as a Gevrey-Chambertin or Vosne-Romanée.

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ARTS

Russian roulette

BY B. A. YOUNG

The first of eight parts of Russian Roundabout on Radio 4 last Saturday... Joseph Hone began his 10,000 mile journey around Russia with a stay in Moscow...

Once again, I felt this was the way to hear about distant places through the voices of people able to make an enjoyable narrative of the facts... When Did You Last See My Mother? is a moving play...

RSC on the move

BY MICHAEL COVENEY

The Royal Shakespeare Company has moved quietly into its new London home in the Barbican... written book published this week. Sally Beauman's title is a slight but forgivable misnomer...

Clifford Williams's irrepressibly inventive The Comedy of Errors and Nunn's glistening black and white The Revenger's Tragedy... Throughout the 1970s, the RSC responded to developments in the fringe theatre...

Sadler's Wells Gala

BY CLEMENT CRISP

Sadler's Wells, which next year celebrates the tercentenary of a theatre in Rosebery Avenue, has financial problems... But it is a play that holds the attention, and the 1967 production under Archie Campbell does it justice...

The guests and the various special areas were introduced by the distinct dishes, signs from theatre and television... The evening began with a revival of Noel Gay's The Grand Tour...

Ballet was shown off in a duet to "Winter" from Stravinsky's Seasons in which Ben Stevenson stressed their fluent style... From the Royal Winnipeg Ballet Evelyn Hart was lustrous in the "Belong" duet by Norbert Vesak...



Gerard Murphy as Prince Hal and Joss Ackland as Falstaff in Henry IV Part 1 now in preview at the Barbican.

poor second fiddle to the city slickers: Frank Benson was scorned beside Henry Irving... In 1925 Shaw roundly declared that Stratford needed a new theatre... The story of Shakespeare in Stratford is crucial to our theatrical history...

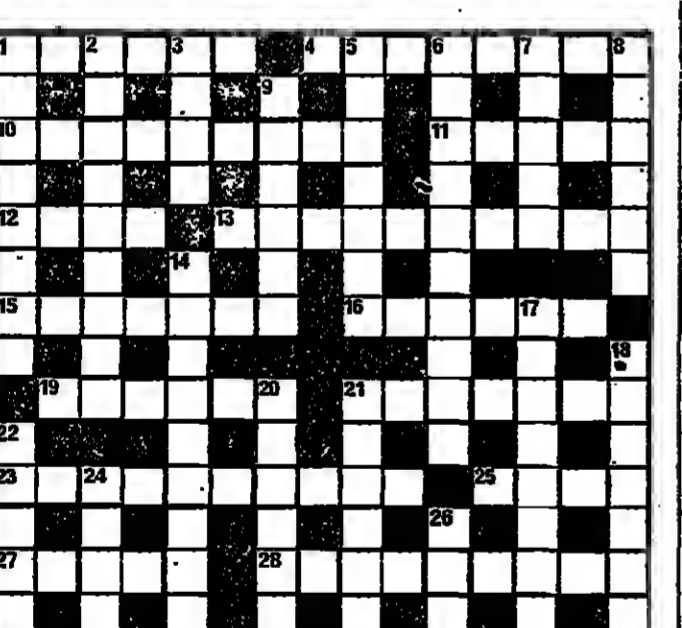
The signs are that the current crop of young directors is about to make its mark both in Stratford and London... The Royal Shakespeare Company: A History of Ten Decades by Sally Beauman...

reminders of its Orpheus theme and was given with intense conviction... The signs are that the current crop of young directors is about to make its mark both in Stratford and London...

F.I. CROSSWORD PUZZLE No. 4878

A prize of £10 will be given to each of the senders of the first three correct solutions opened... Solutions must be received by next Thursday...

Name ... Address ...



ACROSS: 1 Murphy gets big sum at job centre (6); 4 Solicitor-General, about last case, is expressing derision (8)...

TV Radio

Indicates programme in black and white... BBC 1: 6.25-8.55 am Open University (ultra high frequency only); 9.05 Sorry Mate, I Didn't See You; 9.30 Get Set For Summer; 11.27 Weather...

(1.05) World Cup Competition: The draw shortly after 4.40; The Opie at Toot (2.00) a look back to the 1972 Opie with Adrian John; 10.40-11.40 Cup Final Sportscope...

LONDON: 8.05 am "Genghis Khan" starring Omar Sharif, Stephen Boyd, James Mason, Telly Savalas, Robert Morley and Eli Wallach; 11.15 World of Sport - FA Cup Final: Queens Park Rangers v Tottenham Hotspur...

With Me; 2.50 Here They Come - 3.00 Kick Off with Brian Clough; 4.45 Half-time Verdict; 5.55 Second-half; 6.40 Final Whistle...

HTV: 11.35 am HTV News; 6.55 Road Runner, Sylvester and Speedy Gonzales; 6.15 Jingles; 11.15 The Palace - English Culture; Allen Jones, Barbara Eden, Jim Stafford...

RADIO 1: 5.00 am As Radio 2; 7.00 Wake Up with Winton and Adrian John; 8.00 Tony Blackburn's Saturday Show; 10.00 Paul Slabbert; 1.00 pm Adrian Johns; 2.00 King in New York; 3.00 Paul Gambaccini; 5.00 Rock On; 6.30-7.30 in Concert (S)...

RADIO 4: 6.25 Shipping Forecast; 6.30 News; 6.55 Farming Today; 6.55 News; 7.00 News; 7.10 Today's Poppa; 7.15 On Your Farm; 7.45 News; 7.50 Weather; 7.55 Weather-ly, programme news; 8.00 News; 8.10 Today's Poppers; 8.15 Sports In a; 8.40 Yesterday in Politics; 8.45 News; 8.57 Weather; 9.00 News; 9.05 Breakaway; 9.30 News Stand; 10.05 The Week in Westminster; 10.30 Daily Service (S); 10.45 Pick of the Week; 11.25 From Our Own Country; 12.00 News; 12.02 pm Money Box; 12.27 11.30 pm; 1. Haven't I One; 1.25 Weather; programme news; 1.40 News; 1.45 On the Question; 1.55 Shipping Forecast; 2.00 News; 2.25 Thirty-minute Theatre; 2.35 Baby's First Steps; 2.38 The Strife; 2.45 News; 3.15 Russian Roundabout; 4.30 News; 4.35 News; 5.00 News; 5.35 News; 6.25 News; 6.55 News; 7.00 News; 7.10 News; 7.15 News; 7.20 News; 7.25 News; 7.30 News; 7.35 News; 7.40 News; 7.45 News; 7.50 News; 7.55 News; 8.00 News; 8.05 News; 8.10 News; 8.15 News; 8.20 News; 8.25 News; 8.30 News; 8.35 News; 8.40 News; 8.45 News; 8.50 News; 8.55 News; 9.00 News; 9.05 News; 9.10 News; 9.15 News; 9.20 News; 9.25 News; 9.30 News; 9.35 News; 9.40 News; 9.45 News; 9.50 News; 9.55 News; 10.00 News; 10.05 News; 10.10 News; 10.15 News; 10.20 News; 10.25 News; 10.30 News; 10.35 News; 10.40 News; 10.45 News; 10.50 News; 10.55 News; 11.00 News; 11.05 News; 11.10 News; 11.15 News; 11.20 News; 11.25 News; 11.30 News; 11.35 News; 11.40 News; 11.45 News; 11.50 News; 11.55 News; 12.00 News; 12.05 News; 12.10 News; 12.15 News; 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Telephone: 01-248 8000  
Saturday May 22 1982

# All in the lap of the gods

By Malcolm Rutherford

## The other crises

THE FALKLANDS crisis is for the present in the hands of the military; perhaps the greatest test of the Prime Minister's news is how she can address the other crises which must also be addressed—in Europe, in the world economy and in Ireland.

Our intense national crisis over a small issue has become sadly entangled with the more pressing but ultimately far more intractable crises elsewhere. It is hard for anyone in Britain, let alone anyone at the centre of our affairs, to accept the fact that the Falklands crisis looks considerably less important, and certainly less black and white, than it does to ourselves. To Britain the rather grudging support of the Community, the fairly equivocal attitude of the U.S.—notably the failure to impose meaningful economic pressure—and the open neutrality of the Irish may look like betrayal. The temptation to re-assert purely national interests must be strong; yet we are going to have to work with the Europeans, with the Americans, and indeed with the Irish long after the Falklands affair is resolved.

**Constructive**  
There is just one fortunate aspect of the present state of affairs: Mrs Thatcher has earned the freedom to tackle these other crises in whatever way she chooses. Nobody is likely to question her readiness to stand up for British interests if she decides that they lie in accommodation rather than confrontation over the present crisis in the EEC.

That is surely the most constructive approach for the time being, for the EEC crisis has blown up not only at the worst possible moment, but over the wrong issue. It has been clear for years now that the rising cost of the Common Agricultural Policy would sooner or later break the bounds of the Community's budget resources, and the case for a radical reform of the CAP was being argued inside the Commission before Britain was even a member.

It happens that Britain, with its small agricultural sector, is a heavy loser under the present policy mix—as is West Germany, of course; but West Germany is rich, the new Southern members, with small involvement in temperate agriculture, will also be losers. Enlargement has increased the long-run pressures for change.

At this moment, however, it happens that the Community budget is under much less strain than had been expected—partly because other members acquiesced in a series of rather modest farm price adjustments which Britain urged. We had already agreed in principle that a larger increase this year, to protect real farm incomes, would be appropriate. We were vetoing the increase simply as a device to enforce quicker progress on

WHATEVER may be read into the difference of emphasis and tone between Mr Francis Pym, the Foreign Secretary, and Mrs Margaret Thatcher, the Prime Minister: if there is a split in the Cabinet over the Falklands crisis, it is remarkably well-concealed.

The full Cabinet has gone into the escalation of the crisis in a mood of faithful resignation. Ministers believe that Britain has leaned over backwards to secure a peaceful settlement. Their efforts—and those of Mr Alexander Haig, the U.S. Secretary of State, President Belandiere Terry of Peru, and Sr Perez de Cuellar, the UN Secretary General—have been sponsored by Argentina. In these circumstances, they see no immediate alternative to a further reliance on the use of force.

Mr Pym said yesterday that he expected that the next military action would take the form of limited raids like that on Pebble Island last weekend. Some of the raids—and some of the losses—have already begun. And that is the general view: more and greater harassment, but nothing like frontal war and still in the hope that negotiations can be shortly resumed.

Even if one examines the statements of Mr Pym and Mrs Thatcher in the House of Commons on Thursday, the differences are less than they seem. True, the various offers of diplomatic concessions to Argentina have been withdrawn, but they could be renewed. The fact that they have been removed from the table does not mean that they cannot be put back.

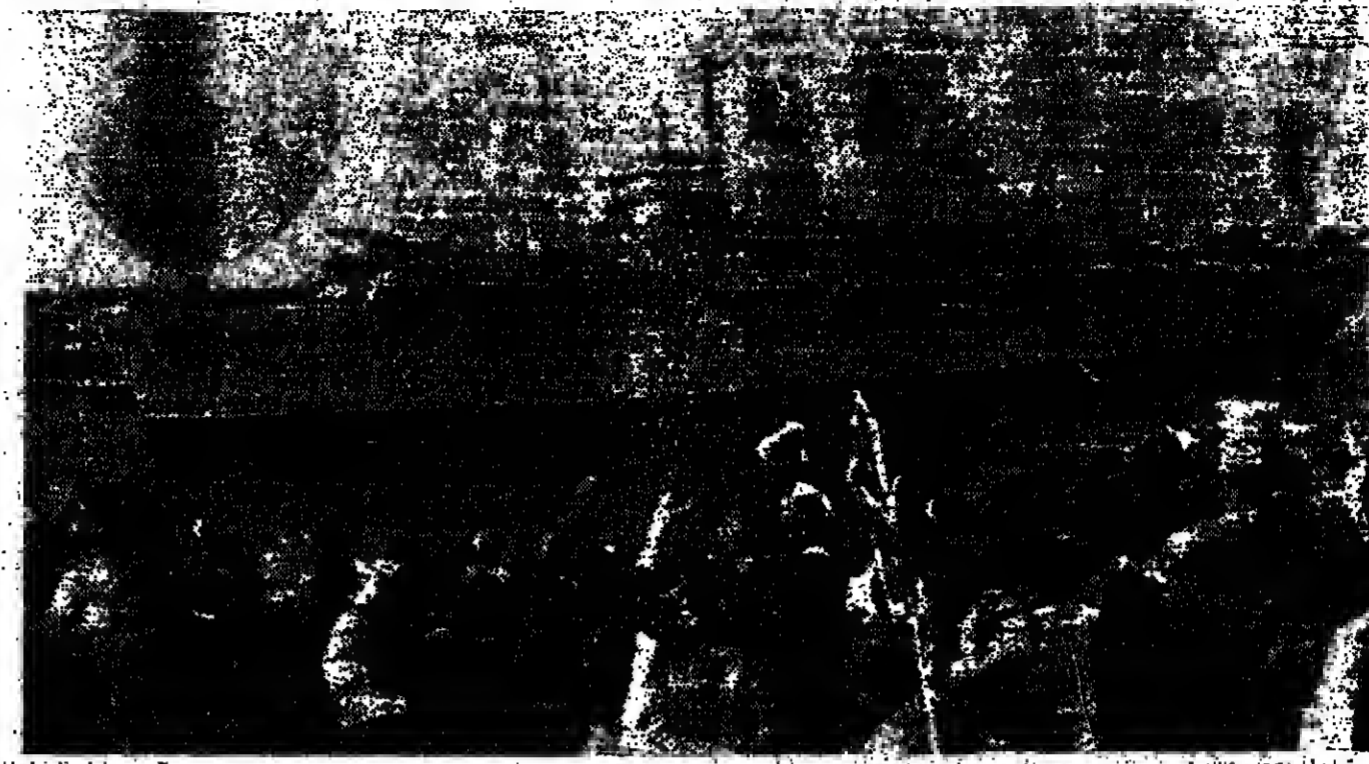
One of the curiosities about the dispute is that Mr Perez de Cuellar has been informed, in

### Logic points to yet more military engagements

general terms, in advance by the British about the military escalation and has not objected. The alternative strategy, entertained by some ministers from the start, that Britain may in the end have to occupy the islands by force and then hold on to them for some time to come in order to overcome the charge of retaking the Falklands only to give them to Argentina—still lies in the future.

The order of preference seems to be thus: measured escalation in the hope of bringing about further negotiations. If that fails, the military activities could be again stepped up, but the aim would be the surrender rather than the slaughter of the Argentine forces on the islands. If that also failed to come about, there might have to be some reprisals, but Ministers are not yet thinking that far ahead.

A great deal would depend on what happens to domestic and international opinion, in the meantime. Logic, however, would point to yet more military engagements, the Government's dilemma being that having sent the Task Force it cannot easily summon it back without some



Those were the days—when it all started. HMS Invincible sets off.

sort of mission having been accomplished. Some Ministers say that it is fortunate that the crisis is being handled by a Conservative Government. In that they seem to imply that the Tory Party is the party of patriotism and the party of competence. Perhaps they flatter themselves: it was, after all, a Tory Government which got us into this mess in the first place.

What I think has happened is that the forces of Government have taken over. The machinery of Government has belatedly begun to work on this issue in a relatively co-ordinated way and the only conclusion that can possibly be arrived at, given the awful starting point, is that Britain should go all out for a peaceful solution while being prepared to use force to show that she is serious.

That would have occurred whichever party was in office; hence the great understanding of the Government's position shown by Mr Denis Healey, the deputy leader of the Labour Party, and to some extent by Mr Michael Foot who, blessed, or maybe in Labour Party terms cursed, with the experience of having been deputy Prime Minister.

Of course, Ministers admit that there could be accidents and miscalculations. That is the nature of war, perhaps especially of modern war where so much of the equipment is untried. The outcome is unpredictable. It would be naive to think that the Government is any less aware of that than outside commentators. That is what I mean by the mood of fateful resignation. There is the trace of an admission that it is all in the lap of the gods.

The final evidence of this kind of resigned Cabinet mentality is that even Ministers who would normally criticise Mrs Thatcher at the first opportunity appear to be with her on the Falklands.

Europe. Dr Henry Kissinger used to say when he was U.S. Secretary of State that the trouble with the Soviet bureaucracy was that it could deal only with one problem at a time: for example, strategic arms reductions but not simultaneously with cuts in conventional forces.

That may be true of other bureaucracies. For if the first emergency debate on the Falklands.

The meeting was postponed. Lord Carrington resigned, the Falklands took over attention and British policy towards Europe became obscure. The British did not even take the initiative in seeking to call an emergency meeting of Foreign Ministers in order to discuss events in the South Atlantic.

### If one examines the statements of Mr Pym and Mrs Thatcher in the House of Commons on Thursday, the differences are less than met the ear

Cabinet and the machinery of government have eventually come to terms with the Falklands crisis, there is a great deal of criticism of the way there was a lack of forewarning of the crisis in Europe. Some of it comes from very high up. Again, much of the misfortune goes back to the Falklands dispute breaking out and Lord Carrington being obliged to resign as Foreign Secretary just as there was a meeting of European Foreign Ministers that might have resolved the question of the British contribution to the Community budget. That meeting was due to be held on April 2, the day of the

of this year's farm price increases. But it should have been very clear that a crisis was brewing.

The word from Ministerial circles is that at this stage Mrs Thatcher decided to become her own Foreign Secretary. She had not much liked the original inter-Community agreement on the budgetary contribution in May 1980—it was brought home by Lord Carrington—and was insistent that there could be no further compromise.

The Prime Minister said on the Jimmy Young Show on BBC Radio 2 on Wednesday morning that she had received no prior information from any European head of Government that events could come to such a pass. That was after seven member states had overrudden the supposed British veto on the farm price increases.

Agassi, the accounts from other sources are different. Both the French and the Germans say that Mrs Thatcher had been frequently warned of what would happen if the attempted British veto went ahead. M. Francois Mitterrand, the President of France, spent over two hours with her talking about it in London last Monday. But it appears to have been one of those dialogues of the deaf, rather like Harold Macmillan talking to General de Gaulle.

All that the French, the Germans and Italians seem to have wanted was that the British should show some sign of movement. Mrs Thatcher could have budged on accepting a one year settlement on the budget for 1982 while maintaining the right to seek a longer-term settlement later. She could have moved on the amount offered without giving way on the central principle that Britain is overcharged. Or she could have accepted the farm price increases, which are after all a vital interest to some other members, while saying that had nothing to do with the argument about the structure of

Community agriculture in the years ahead.

She gave way on nothing, even though the British Government had been fortuitously dependent on European support in the Falklands dispute.

The supreme weakness of the British position was that the Government had nothing against the farm price increase as such. Mr Peter Walker, the Minister of Agriculture, would have liked the increase to have been rather higher. The Government was thus trying to use the veto for quite ostensible reasons. The Foreign Office, if it had been allowed a proper role in the running of affairs, might have advised a certain discretion.

Since then, there seems to have been some retreat into reason. In his statement to the House on Wednesday, Mr Walker largely took refuge in technical detail. "We succeeded in obtaining an increase of two-thirds in the maximum beef premium payable and an increase in the Community contribution from the 25 per cent negotiated by our predecessors in 40 per cent. We obtained a firm Commission declaration ensuring that the sale of wine distillates will not threaten the alcohol industry in this country." That sort of thing. The word is that there is going to be some sense for thought before the Government goes for further action, like withholding its Community payments.

One thought might be that while Britain has become almost notorious for its criticism of the Community, the file on British demands for free Europe might develop in pretty thin. It would be helpful if the Government could tell its partners what kind

### Labour's party conference could be gruesome

of a Community it would like to see, including something going beyond cheaper oil for the British. The Labour Party, if it escapes in Europe will only encourage its anti-market wing just at a time when there were some signs of the leadership becoming more reconciled to British membership. It is now rather likely that Labour will go into a general election seeking withdrawal.

The fact that Mr Tony Benn and some of his colleagues forced a vote on the Falklands for the first time in the House on Thursday is another sign that the internal struggles have not been overcome. On the not-so-distant horizon there is also the report on the Militant Tendency and the even more important question of what Mr Foot should do about it. The Party Conference in the autumn could be gruesome. Mr Foot stands up: it could be the make or break, and possibly make. The main political casualty of the Falklands crisis so far has still been the EEC Liberal Alliance. Who now is thinking very much about about the by-election at Beaconsfield next Thursday?

## Letters to the Editor

### Accounting

From Sir Anthony Burney  
Sir—I was with considerable interest that I read in Lex's column (May 10) of the criticisms—in my view totally justifiable—of current cost accounting and SSAP 16.

May I take the opportunity of suggesting once again that more attention should be given to cash flow accounting.

Cash flow is the life blood of any business. Businesses go bust through lack of cash, not through lack of profit—although the former is of course adversely affected by the latter.

When I wrote a paper in 1971 advocating cash flow accounting I thought that it might be difficult to arrive at a method of assessing tax. But since then Professor James Meade has provided a solution.

have been achieved and the balance of power will have passed, perhaps irrevocably, to the Left.

### Policies

From the Secretary, Leeds Taxes Branch, Inland Revenue Staff Federation.

Sir—With regard to Phillip Bassett's article "The Left reaps a harvest" (May 17), I write in connection with the point referring to the "Manifesto" from Leeds taxes branch of the Inland Revenue Staff Federation and would like to point out that this "policy document" was the effort of the branch committee over a 12-month period and was based on the policies of this branch already endorsed at general meetings. The "draft" document itself was approved of by the 1982 spring general meeting at which over 160 members attended.

While the branch committee is pleased that the policy document meets with the approval of many members in other IRSF branches the document is that of the Leeds taxes branch and not the product of the "broad Left" even though the policies advocated are to many aspects those advocated by the "broad Left."

F. R. Giles,  
31, Moor Allerton Drive,  
Leeds 17.

### Breastclete

From the Chief Executive, Development Board for Rural Wales

Sir—Mark Meredith's article (May 11) on the Breastclete fishing project reflected the great difficulties associated with major projects in areas such as the Outer Hebrides. It also showed how quickly local people point to failures but forget successes.

they had achieved all this on their own initiative. The truth is that the whole of this is the result of another major project conceived and implemented by the Highlands and Islands Development Board which has succeeded.

In 1966 the Stornoway fishing industry was dead and it was resurrected by the vision of Sir Robert Grieve, first HIBD chairman, his board member the late Prophet Smith and the dedicated continuing work of James Lindsay who leads the HIBD fishermen division.

This first step that succeeded was a much bigger one than the second which may now fail. W. Iain Stewart,  
Development Board  
for Rural Wales,  
Lodyswell House,  
Newtown, Porth.

### Research

From Mr I. Burch

Sir—I refer to "A question of what is really meant by failure" (May 18). The final sentence is "Ignorance of the true position highlights the need for more research."

I would tentatively suggest that more research will not necessarily lead to the true position and, even if it did, it would not reduce the number of small businesses failing. The only research worth doing seems to us to be strictly practical, i.e. start some more businesses and see if they fail.

have sought to influence "at least" the World Service is straightforward: the service is funded directly by the Foreign and Commonwealth Office.

While the FCO tends to take the relatively enlightened view that the best propaganda involves (mostly) telling the truth, the World Service's allocation of resources—in terms of how much is broadcast to whom—tends to be done according to political criteria, not editorial ones.

The rest of the BBC, of course, is financed by the licence fee, which in theory is levied only for that purpose. But in fact the BBC never received the full licence fee revenues until the mid-1950s, the balance simply disappearing into the Treasury. As Stuart Hood, a former controller of BBC TV has noted, "It is clear that the licence fee is not the BBC's by absolute right (and) that the Treasury can from time to time make a levy on its revenue."

### Education

From the Chief Executive, Hampshire County Council

Sir—The article on "Quality control in education" (May 11) reveals a considerable lack of knowledge of the work done by local education authorities in consultation and close collaboration with the Manpower Services Commission and local industries in the field of training. Local education authorities, with the rest of local government, are labouring under strict financial controls imposed by central government through the current rate support grant system.

The fact, however, that the grant is not allocated to specific services enables local authorities to use their knowledge of local conditions in order to allocate the resources between the several services administered. There is considerable evidence that the education service receives greater resources, than were allowed for

in the original grant calculations. A specific grant for education would only tie the hands of local authorities and substitute the judgment of officials in the Department of Education and Science for that of elected members of local authorities. A separate block grant for education, similar to that for local services generally, would only serve to compound the distribution problems that your newspaper was happy to expose earlier in the year on the distribution of the present block grants.

No one would disagree with the need for education and training policies to be co-ordinated. But that co-ordination must be a local matter to provide our young people with training for local jobs. In Hampshire that is the end we seek. Contrary to the assertion made in your article, the levels of basic skills of school leavers have been increasing over the years. They are monitored locally and, if problems still exist, they can be identified and dealt with locally far more readily than through a central bureaucratic system.

The suggestion that central government direction would magically provide a new solution is absurd. It would not introduce any additional resources for education and the transfer of administrative and political control to the centre would serve only to reduce resources at the "coal face" by increasing administrative costs at the centre.

L. K. Robinson,  
The Castle, Winchester.

### Conveyancing

From Mr J. Bradshaw

Sir—I am pleased to see that Mr S. Best (May 18) has moved from "sellers" are not permitted to charge an ad valorem scale for conveyancing, to "the price has some bearing on the fee," and that surely means ad valorem—unless he has a lot of Latin to learn.

difficult to decipher and I now try harder and sign myself, Joe Bradshaw,  
Copper Beeches,  
Blackdown, Leamington Spa

### Anti-militarism

From Nora Beloff

Sir—In treating anti-militarism in Eastern Europe as no more than a spill-over from Western unilateralism "The Spirit Spreads East" (May 19) your correspondents imply that the issues are the same in the two parts of Europe.

In fact, the military obligations on the young in the USSR and the rest of Eastern Europe represent a burden which would not be tolerated in the West. War games against imaginary "imperialists" start in the Soviet Union at the age of seven and I have seen little girls with bows in their hair, already moon-sleeping before war monuments and carrying real rifles.

Recently the GDR extended military service from 18 months to two years, and training in the use of weapons is now compulsory for girls as well as boys who wish to go on to university. In Hungary conscientious objection is a criminal offence.

It is unfortunately true, as I found in a recent six-week journey in Eastern Europe, that many young protesters believe that they and Western demonstrators are engaged in the same fight against equally menacing superpowers. This is partly the fault of the BBC World and European services who persist in confusing being objective with being neutral. They should be conveying to East Europeans that the reason we are armed is precisely to prevent being overrun by the USSR and having to put up with one-party Communist paraphernalia which, as they know from their own unhappy experience, is so morally degrading and economically incompetent.

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1782  1982

# PHOENIX ASSURANCE

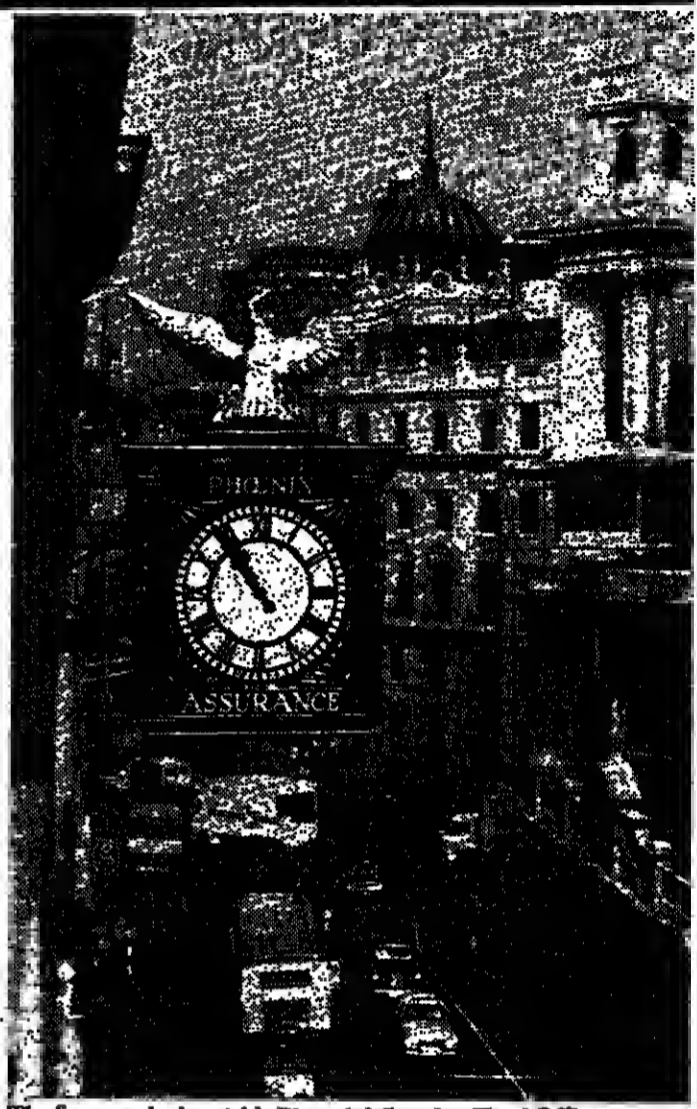
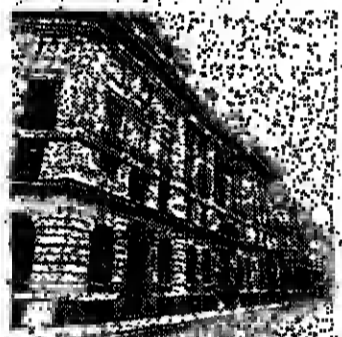
TRUSTED FOR TWO CENTURIES

## How a major insurance company prospered through service

### THE STORY BEHIND THE PHOENIX BICENTENARY

**EXPERIENCE and security** These two qualities, developed over many years and essential requirements for insurance consumers, are the bedrock of the Phoenix.

Founded in 1782, and celebrating its bicentenary, Phoenix started life in a unique way. Insurance companies founded earlier, including the two big names of the era, the Sun and the Royal Exchange, and other insurance companies formed later, were the progeny of an association of financiers, merchant adventurers who had already made their fortunes. They were speculators, a breed of entrepreneurs who thrived



The famous clock outside Phoenix's London Head Office.

in the eighteenth and nineteenth centuries.

Phoenix came from different stock. Its origins were in no way speculative but were conceived out of pure industrial expediency. It was an institution of its time. Phoenix, or New Fire Office as it was first known, has its roots in the sugar trade and sugar baking.

**Starting with sugar** Sugar baking was one of the most capital intensive industries of the era. Assets per firm often reached £20,000 to £30,000, comparable to that of brewing and exceeded by few other contemporary trades. Even within the main industry of the period - cotton textiles - a mill endowed with fixed capital of these dimensions would have been an exceptionally large undertaking.

The sugar bakers were largely centred at the great ports of London and Bristol. They used their expensive plant to convert raw sugar into a form fit for domestic consumption or suitable for use in other industries, such as distilling or brewing.

Sugar trade directories of the time listed 85 sugar refining ventures at work in London in 1782. All but three of them were on the original roll of Phoenix shareholders. In its early years, Phoenix was

more a facility for the sugar club than a general insurance company. There were a number of reasons why the sugar trade needed the Phoenix.

**Financial pressure** In the sugar industry the vast, and extremely costly, copper baking pans were exposed to very high temperatures. There were ever-present risks of cracked pans, escaped liquor or runaway stoves. The industry was also facing increasing financial pressure from the trading conditions in the late eighteenth century. The aggression of the West Indian merchants, and the rising duties placed upon imported sugars by governments increasingly anxious for revenue, particularly war revenue, placed the industry under strain.

Squeezed by the planters and the excise, the refiners experienced a drastic reduction in their ability to meet the "unreasonably" high premiums imposed by the limited number of established insurance companies who would carry their risks. Of all industrialists, they could not trade without protection from fire, and sideways diversification into fire insurance on their own account made excellent commercial sense for the sugar bakers.

To a degree, then, the formation of the Phoenix did not simply represent an overspill from the central current of national economic expansion. Rather it was the outcome of a defensive manoeuvre, a counter-measure devised by the brighter spirits in a straitened trade.

**Diversification** Beyond this, however, there was a wider entrepreneurial value to the Phoenix diversification. Insurance, then as now, was for many buyers something well above the level of necessity, more likely a luxury.

England in the eighteenth century was growing richer, and insurance was an increasingly suitable commodity for more and more of the community. Diversification, therefore, was not only defensive; it also represented entry to a new and promising market for industrialists nursing doubts about their own markets.

To students of mythology the choice of the non-inflammable bird by a band of sugar bakers as the emblem for their new venture may seem glaringly obvious. But the bakers had more immediate reasons for adopting the device.

"Phoenix" in refiners' talk had

another meaning: "phoenix dactylifera." The date palm was, after cane and beet, the chief natural source of sugar and the first source of manufactured sugar. The "juxtaposition" was perfect: from phoenix came the first makers of sugar - from the sugar refiners came Phoenix. For the refiners "Phoenix" was precisely ambiguous.

**Specialisation** Paradoxically, the professional specialisation of the Phoenix management created other advantages in their entry into the new enterprise. They were almost certainly administratively more proficient than the collection of financiers, spiced with merchants and realtors, who presided over their main rivals. They could talk with some familiarity of these subjects.

Undoubtedly the sugar qualification carried some other extra special benefits. Sugar bakers, of necessity, purchased an imported commodity and traded close to the wharves. They knew about cargoes, vessels in harbour and warehouses, all fit subjects for the growing insurance trade. Moreover, this particular raw material import took their interest back along the trade routes, to plantations, to ports of transhipment; and, most importantly, to the major centres of refining overseas. They had a wide foreign acquaintance among growers, agents, merchants and consuls.

It was no accident, therefore, that Phoenix was the first British insurance company to transact foreign business on any considerable scale. Opening its first foreign agency at Nantes in 1786, it beat the Globe in taking British insurance overseas by 20 years, the Royal Exchange by 29



Phoenix office in Bristol.

years and the Sun by all of fifty years. Thus the company was the originator of the great insurance sector of invisible exports and the pioneer of a service in which Britain was to achieve world domination by the late nineteenth century.

**Overseas expansion** Having played one ace from its pack when it entered Europe, Phoenix had another up its sleeve. With a taste for American business from its home foreign account on risks in that country's centres of the sugar trade, principally Charleston and St Petersburg, Phoenix opened its own shop in the United States by appointing an agent in New York in 1804. This move created exciting new markets for the company and, once again, led the way for the whole British insurance industry.

Overseas expansion was undoubtedly one of the most important entrepreneurial developments in the group's history and, also, the source of much of its early competitive superiority. But entering Europe and the United States only served to whet the appetite, as it were, for overseas trade. Simultaneously, Phoenix eyes were being cast on other territories and soon its wings were stretching far and wide setting up a network of subsidiary and associated companies and general agencies throughout the world.

This pattern of overseas representation lasted until around twenty years ago when pressure and legislation by governments in some areas, where it had been found necessary to retain funds to assist development in their own countries, brought about changes. Phoenix overseas operations, today, are conducted in the main through subsidiary and

associated national companies but some valuable agencies still survive.

**Strongest organisation** Another significant step was taken in 1964 when Phoenix entered into a formal relationship with one of the largest fire and casualty insurers in the USA, The Continental Insurance Company of New York, which became a substantial shareholder in Phoenix. A scheme for worldwide co-operation between the two groups was drawn up and implemented almost immediately. The move established one of the strongest organisations in the world insurance markets for handling centrally-controlled insurance programmes for international industrial and commercial groups.

The most recent developments in the overseas operation took place over the last three years when agreements were reached with the Prudential in South Africa and Australia for a merger of the companies' non-life interests. Under the joint title of Phoenix Prudential, the rationalisation of both companies' non-life business portfolios in those countries is already proving to be a sound decision.

During the early development of the foreign operations, Phoenix managers were giving equal attention to their affairs at home and assessing the pros and cons of taking other classes of business on their books.

**Life venture** They were cautious, watching from the side-lines the moves of other companies and profiting from their experiences. After fifteen years a mass of technical and statistical information had been accumulated. A new life venture was launched "under the form and style of the Pelican Life Office."

The new company successfully worked out its destiny for over 100 years, adding its own growth through the acquisition of other life companies. By the beginning of 1908, the Pelican became formally allied to the Phoenix, and lost its independent identity. Today Phoenix is an acknowledged leader in many branches of life insurance.

**Accident market** The move by Phoenix into the broad territory of accident insurance largely followed the pattern of many of the old-established fire offices. Legislation of 1845 and 1880 led to the formation of a

number of accident offices. Phoenix remained an interested onlooker until 1895 when it became an "accident registered" company. That was only a small start. It took the Workmen's Compensation legislation of 1906 to persuade the company to join the competitive accident market.

Within twelve months accident underwriting activities of the group had extended overseas. The really significant entry into the market took place in 1922 with the purchase of the soundly based, 53-year-old London Guarantee & Accident Co. It had a strong home market and an important presence in the United States, Canada and Denmark.

**All major classes** Following the development of fire, life and accident business as a base, by the early part of the twentieth century, the directors of Phoenix were dedicated to developing their enterprise into an office writing all the major classes of insurance. They began to assess the prospects for marine insurance. They finally took the plunge in 1910 when the first marine business was placed on the books. The account was barely opened before, in the next year, Phoenix bought the Liverpool-based Union Marine Insurance Company Limited. Thus a valuable foothold was established in the country's busiest ports and the parent company was finally launched into marine business.

The next stage in the group's development came with the entry into the reinsurance market in 1926. A shareholding, converted seven years later into a controlling interest, was bought in a specialist company, Tariff Reinsurances Ltd. By the 1970s, the increase in restrictions on direct writing operations in many parts of the world had created a need for a new international reinsurance entity to supplement the direct writing activities of Phoenix. This changed the place of Tariff Reinsurances within the group.

The final move into the composite insurance markets took place in 1931. Along with other large companies, the rapidly developing aviation insurance market was entered through a joint holding in British Aviation Insurance Co Ltd. A "shrinking world", the direct result of the formation of the great national airlines, opened up new and still bigger markets. In 1961 Phoenix decided to strengthen its stake and

formed its own aviation department.

**Acquisitions** By now the Phoenix firebird had become the parent of fledgling but fast-growing accounts in all the major classes of insurance. Throughout the transition to this state, many smaller companies had been taken in, each in turn strengthening the Phoenix's overall position in the market.

With this ideal firmly in mind, the 1970s saw a new and unprecedented flurry of acquisitions and other developments. First, the Bradford-Pennine group, specialists in the motor field selling only through insurance brokers, joined the Phoenix family. Then followed the acquisition from Friends' Provident Life Office of their general business arm, The Century Insurance Company Ltd, with its subsidiaries.

The business of the London Guarantee & Accident Co Ltd had been progressively absorbed by Phoenix over the years until 1975, it found a new purpose and, at the same time, a new name, London Guarantee & Reinsurance Co Ltd. It took from Phoenix the shares of Tariff Reinsurances Ltd and thus a strong and professional reinsurance arm for the group was formed.

**More and more** The life assurance side took on its own names. Ebor Phoenix Insurance Co Ltd, Property Growth Assurance Co Ltd, and Phoenix International Life Assurance Co

Ltd, all specialists in particular fields, joined the group.

Phoenix joined with Dentscher Automobil Schutz of Munich, Europe's largest legal expenses insurers, as equal partners in a new company, DAS Legal Expenses Insurance Co Ltd. Legal expenses insurance was then a relatively new concept in Britain but today the need for it has been firmly established.

All the major insurance companies are experiencing considerable underwriting difficulties which have hit profitability. During a world recession, little can be done by insurers. When more normal trading conditions begin to return, the Phoenix combination of a broad geographical base and portfolios in all classes of insurance, will enable it to control its involvement as circumstances demand in the world markets for the ultimate benefit of its overall results.

**200 years - so far** Phoenix is proud of its past and rightly so, but does not believe that it confers on the company any rights or privileges in the conduct of its current affairs. Today and tomorrow are regarded as new challenges to be met with all the modern thinking and resources at its disposal - backed, nevertheless, by 200 years of valuable experience - all in line with its philosophy of responsibility to its policyholders, shareholders, staff and the communities where it operates.



Lord Byron (1788-1824) Life assured with Phoenix  
 Benjamin Disraeli (1804-1881) Life assured with Phoenix  
 Sir Winston Churchill (1874-1965) Life assured with Phoenix  
 Robert Venn Par, Cornwall Life assured with Phoenix

# Phoenix reinsurance-trusted for two centuries.





ADVERTISEMENT

# "Commercial" Enterprise— Two Centuries On

EVER SINCE its sugar refining founders gave birth to the Phoenix 200 years ago out of their disenchantment with the high fire premiums and limited capacity of the then sellers of insurance, commercial classes of business, and particularly commercial fire and consequential loss insurance, have formed the backbone of its growing portfolio of risks.

Over the years, the scores of fire prone sugar vans may well have disappeared but the early expertise gained in the insurance of industrial, trade and commercial risks laid the foundation for what has become a major commercial lines insurer. Indeed the Group's early, and, in its day, novel acceptance of what was quaintly referred to as "the peculiar insurance of loss of income from fire," aptly illustrates both its prominence in this market and its early search for new outlets and product opportunities.

This spirit of endeavour has been the keynote throughout the years and it is no better depicted than by "Enterprise," the latest of the Company's new commercial contracts, which is as progressive in today's market as that first "sugar house" policy 200 years ago.

Insuring within Enterprise a flexible one-policy package of covers,

its clients can buy protection not only against the risk of fire and the loss of profits arising from it, but from a host of other perils including explosion, riot and malicious damage, storm, flood and burst pipes; and damage by impact of motor vehicles and aircraft. Moreover, the client can tailor his own cover to include theft, whether of property or money, injuries caused by personal assault, legal liability to pay compensation to employees or the public, the breakage of glass, the deterioration of frozen foods, and, within an "all risks" section, accidental damage and many more covers besides.

Developments such as this reflect not only the contemporary demand for a wide range of covers, but the inevitable expansion and increasing complexity of the country's industrial and commercial activities. Phoenix has been to the fore not only in answering this demand, but in supporting industry's growing need for financial protection against an ever-widening list of fortuitous losses, and in its efforts to reduce the wastage of valuable economic assets through risk improvement.

Today, Phoenix figures largely in the insurance programmes of many famous national and international companies where its blend of risk

assessment and improvement through location surveys and process evaluations, and its risk acceptance capacity through primary and reinsurance facilities, enables it to offer an all-round package of insurance support. Equally the many more thousands of smaller companies whose products, liabilities, warehouses, factories, shops, employees, motor vehicles, all need insuring in one way or another, find the experience and service offered by the Phoenix a sound investment.

Looking to the future, Phoenix sees an increasing demand for product packaging in the form of its Enterprise policy, and perhaps to newer forms of "all risks" style covers. The simplification and economy they offer to insured and insurer alike makes the trend highly desirable and to a degree inevitable. The danger, though, lies in the all-too-often sequel of premium rates falling below economic levels. This would be sheer folly in today's marketplace where, due to the effects of recession on business, the need for premium to contain costs, high interest rates, and the market's alarming over-capacity, premium rates have already been driven lower and lower until they no longer offer any hope of reasonable profits.

It is absolutely vital, in Phoenix's

view that if the commercial lines market is properly to support industry and commerce in its future growth, then sound business sense and reasonable premiums must prevail.



# Non-smoking discounts: Progression through regression

PHOENIX, leaders in life assurance underwriting, was one of a small number of insurance companies recently to take the initiative of applying different rates to smokers and non-smokers and substantially different rates at that.

At the beginning of February, Phoenix launched its Increasing Protection Plan with a 25% discount for non-smokers.

For some time now Phoenix has boasted of its sympathetic approach to underwriting. In other words, Phoenix reckons to have the skill and the knowledge accurately to assess the effect of a health problem on a person's life span so as to produce a competitive rate to the policyholder and a profit for Phoenix. The result, of course, must be that a higher than average number of such people look to Phoenix for their life cover. This situation is compounded by the fact that the Phoenix speciality is term assurance—high cover for low premiums with no margin for error in the recognition some twenty years ago that women live longer than men. This took the form of treating women, for

50,000 less than 100 people were turned away, some of these being invited to reapply later.

It is perhaps paradoxical that an office with this reputation to safeguard should now reverse the trend and discriminate against smokers. Although it is equally clear that such action by Phoenix cannot be regarded as a marketing gimmick. An examination of the statistics produced—an overwhelming argument (Phoenix took into consideration 8 studies from North America, Britain, Japan and Sweden). These show that there is a wide difference in the mortality of cigarette smokers and non-smokers, precise differences depending on number of cigarettes smoked, age and, perhaps, the length of time since smoking ceased. The 25% discount reflects all of these factors and a need for simplicity. Pipe and cigar smokers get the benefit of the doubt and qualify for the discount.

This apparent reversal of the trend has its parallel in the recognition some twenty years ago that women live longer than men. This took the form of treating women, for

the purpose of calculating premiums, as ten-four years younger. (Conversely, a higher incidence of sickness among females results in higher permanent health insurance rates, a practice not without its critics.)

The wealth of statistics on the mortality of smokers and non-smokers which has emerged in recent years shows that the difference in mortality is at least as great as that between males and females. One problem for the insurer is that smoking habits can change—more frequently than changes in sex. Nevertheless, the discount is available for the whole period of the insurance policy subject only to the condition that the policyholder has not smoked in the past 12 months and has no intention to start.

Following the success of Phoenix's policy, it attracted 1,500 applications in the first two months—other insurance companies are likely to follow Phoenix.

# Protection in numbers

THE NEW member of Parliament for Glasgow Hillhead, Roy Jenkins, had a half hour wait before he could take his seat in the House of Commons, while MP's debated the Government proposals to increase the death grant for the first time in 14 years from £30 to £250.

To the 250,000 employees whose firms, by the end of last year, had arranged life cover with Phoenix Assurance this debate will probably have brought more sharply into focus the paucity of the State's arrangements and emphasised the benefit of their own cover.

Sponsored Group Life Schemes (or Group Death-in-Service as it is sometimes more accurately described) are a relatively unused but particularly valuable extra to almost all modern pension schemes for a number of reasons. On the cost side, if the scheme complies with Inland Revenue rules which are not onerous, the employer obtains tax relief on the premiums so that the benefit is usually free to employees.

The Inland Revenue will allow cover up to four times the employee's salary as a lump sum plus a pension to a surviving spouse or other

dependant of up to 4/9ths of the employee's salary and these benefits are not subject to Capital Transfer Tax.

For some people, however, a more important aspect of these schemes is what is referred to in rather misleading jargon as "free cover." This, of course, does not mean that Phoenix doesn't charge for the cover; it means that the insurance is free from underwriting. In effect, all employees at work on the day a scheme commences are automatically covered, irrespective of their state of health.

Phoenix is a specialist in this type of business; an office, later to become a Phoenix subsidiary, London Guarantee and Accident, was one of the pioneers of Group Life Schemes in 1919. The Phoenix free cover levels are among the highest available. For example, a 100 employee scheme could have "free cover" of £350,000. In common with non-life commercial insurance, the Phoenix Group Life portfolio, worth an enviable £13m in premium income last year, is under attack from other insurance companies charging rates which Phoenix

regards as less leaders. Having successfully withstood assaults of this type on a number of previous occasions, Phoenix will, no doubt, do so again.

A very substantial part of the £13m premium income for Group Life Schemes is attributable to business men whose difficulty to define because of its variety. The variety stems from their healthy entrepreneurial attitude of considering anything which offers the potential of profit.

At one end of the scale is the scheme arranged by the Governors of a public school to provide continuation of fees on the death of parents; at the other, the natural concern of a famous football club to replace valuable players who might die.

With many of these group schemes the individuals who are covered do not realise it. It probably does not occur to many of us that a major insurance company is backing up the loan agreement, for example, which requires no further payments on the death of the borrower.

# Increasing Personal Insurances

COMPETITION for personal insurance business has intensified significantly in the last year as conditions in the commercial market have worsened. Insurers are competing aggressively for new business, such as motor and household accounts.

The increased competition has led to a marked slowdown in the rate of private motor premium increases. During 1981 Phoenix rates were increased only by just 3%. Inflationary pressures continue to have their effect on claims settlements and it is expected that premiums will eventually have to rise.

The most severe winter weather this century has produced a flood of burst pipe and associated storm damage claims on household insurances. Moreover, their losses from domestic property have risen very sharply in recent years, particularly during the recession. A private home is broken into on average every 90 seconds, suggesting that theft losses are reaching epidemic proportions.

In these difficult trading conditions the Phoenix is well placed in the personal insurances market. As a result of the group's success with the Bradford-Pennine, the specialist private motor arm of Phoenix, it was decided in the mid-1970s to re-examine the group's position in the personal insurances market. Phoenix at that time had a relatively small private motor portfolio and a major proportion of its personal insurances business was concentrated in the household field. A traditional composite philosophy of underwriting was applied to the motor account. Therefore, unlike Bradford-Pennine, Phoenix was prepared to underwrite a wide range

of risks including high performance cars.

After a detailed appraisal it was decided that the Phoenix operation should be expanded to fulfil a complementary role to that of the Bradford-Pennine. The key objective would be to extend significantly the company's share of the UK personal insurances market. It was recognised that in order to do this effectively new systems and new products would be required.

By 1978 the early stages of an advanced computer system to handle both private motor and household business was complete and field trials began. At the same time it was decided that the company's structure should be altered to reflect the new situation and Phoenix became one of the first leading insurers to create a separate and autonomous division responsible for developing personal insurances business.

At the beginning of 1980 the

Phoenix replaced their existing household contract by launching "Home Policy '80." The policy cover was completely updated and a radically new concept in policy drafting was introduced. The contract was the first "plain English" household policy in the UK and it swept aside the "herculean" which had traditionally made policy wordings incomprehensible to the layman. It contained full colour illustrations and initially provoked some disbelief from certain policyholders that it was indeed a "proper" policy. Within a few months "Car Policy '80" in a similar format was also introduced.

As these products were launched the completely new PIPER (Personal Insurances Policy production Enquiry and Revision) computer system was unveiled. The system covers all aspects of private motor and household policy production. It includes enquiry facilities that allow policy, accounting and claims

details to be examined. It also enables underwriters to revise policy details when policyholders request amendments. Letters, schedules, RIA certificates and other documents are produced automatically. All data is entered by means of visual display units at the 20 main Phoenix offices throughout the British Isles. These are linked by means of a telecommunications network to the central IBM computer facility in Bristol.

The immediate impact of the new system was a significant step forward in operating efficiency and quality of service. These gains were quickly passed on to policyholders in the form of more competitive premiums. Since then the company has advanced very rapidly in the UK market. The group (including Bradford-Pennine) has now well over 1 million private car policyholders and is the third largest company for this class of business in the UK.

From a small start this position has been achieved in ten short years. Home Policy '80 was quickly recognised by brokers as a market leader in terms of cover and style of presentation. Earlier this year it was decided to drop the "80" and reduce the title to "Home Policy." Broker enthusiasm is even stronger than at the time of launch and this year has so far seen record production figures. This growth in income is being achieved on a sound basis without yielding to the pressures of "cash flow" underwriting.

Since Phoenix embarked on its plans to enter the personal insurances market it has made very rapid gains both in premiums written and numbers of policyholders insured. As this growth is based on detailed forward planning, rather than a response to current trading conditions Phoenix expects to weather the current difficulties that surround the market and emerge even more strongly placed than it is today.

While the expatriate enjoys a relatively favourable tax position in respect of income and capital gains taxes, he nevertheless risks, like the rest of us, liability for Capital Transfer Tax on death. Even if death occurs abroad CIT may be chargeable on assets anywhere in the world. Only last month Phoenix International scored a first by launching an ingenious scheme designed to mitigate the effects of CIT.

Phoenix International was established in 1977 and is based in Guernsey where there is both political and economic stability. Features not always present in more exotic off-shore locations. From this base, tax efficient investment vehicles can be made available to those not resident in the UK or Guernsey which are the envy of UK residents.

A range of policies to suit different needs and pockets is enabling the expatriate to select just the type of investment but the geographical spread and currency. There are five funds to choose from, three of which appeared among the best performers in the April edition of the magazine Resident Abroad.

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# Phoenix International

IN THE first six months of 1981 235,000 people left the UK, mainly for Australia, EEC countries, USA, Middle East, Canada and South Africa. The Professional Engineers Insurance Bureau estimate that 35,000 qualified engineers are engaged on contracts abroad of various durations. For such expatriates, working overseas provides a major opportunity to accumulate capital free from the ravages of the UK tax system. Phoenix was the first major UK office to respond to these expatriates' need for a reliable investment/savings medium.

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# Cheaper Life Assurance from computerisation

IN 1981 the Life New Business Department of the Phoenix Bristol Head Office issued 49,846 policies. This with an establishment of 66 people and a modern computer system. In 1973, just before being disrupted by relocation from London to Bristol, the same department issued 13,032 policies with only 11 fewer people. In other words, output per individual increased by 314%.

During this period, if anything, the job became more difficult as an

increased recognition of the need for pure life cover enabled Phoenix to expand its new term assurance business more than nine-fold. Businesses concerned at the effect on their turnover of the loss of a key employee, and banks, perhaps lending money for business, expansion on the personal covenant of a director, seeking to be protected if the director died, resulted in Phoenix writing more large term assurance policies. In 1981 3,100 policies for over £100,000 sums assured were

written. These larger policies required even greater underwriting skill—a matter of judgement in which no computer can assist.

In 1975, a £50,000 10-year term assurance policy cost a 40 year old male £136 p.a. At the end of 1981 the same policy cost £129 p.a. In the same period RPI moved from 98.1 to 306.8 (a 315% increase). Therefore, not only has the cost fallen in actual terms but there has been a very substantial fall in real terms. This, of

course, cannot wholly be attributable to savings in administrative costs brought about by computerisation. Improvements in mortality and the relatively high interest rates of recent years have also helped.

Phoenix has already begun to extend this successful computerisation formula to other parts of its business and not only in Head Office; computer terminals can be found in all the major Phoenix offices across the country.

# Simple language of Pension Plans

PHOENIX is always at pains to adhere to the main principles of insurance; it is equally at pains through to reflect and to determine changes in attitude and modern values. With this in mind, in the 1970s Phoenix's minds were addressed to individual pension provisions. A path was steered between the Scylla of with-profit policies and the Charybdis of the unit-linked approach. A contract style was developed with the objectives (apart from increasing premium income) of securing for the policyholder a guaranteed yield where the guarantee is not based on some random value of merely temporary interest but on an index responsive to changes in conditions and close to the bears and bank balances of most—The Building Societies' Association Recommended Mortgage Rate.

In choosing this link, Phoenix is committed never to fall short but is not precluded from exceeding the mortgage rate. For the policyholder this means protection from "actuarial discretion" as practised by the with-profit offices in withholding

surplus for the benefit of the greater good of the greater number and protection from the vicissitude of stock market fluctuations as coured by unit-linked contracts.

The Phoenix house-style for individual pensions is "deposit administration." A deposit account/share account type of personal fund is set up for each prospective Phoenix pensioner, and Phoenix administrator (and provide) the allocation of interest.

Policyholders are not necessarily best served by "keeping it simple." Phoenix operates through 10,000 professional insurance brokers who act as interpreters anyway. But it believes an insurance company ought to present its products free of the shrouding mists of jargon. The benefits and costs should be crystal clear. With a Phoenix Pension Plan every member be self-employed, a member of an Executive Pension Plan or a contributor to a Voluntary Pension Plan, receives an annual statement showing exactly what has been paid and when, exactly what has been added and what is the value

of the individual's fund. Pension Plan also makes a fetish of a clean approach to management charges—these are clearly stated at the outset.

Contrast this approach with the esoteric style of a typical with-profit policy. No statement of account, management charges obscured by clouds and cushioned from the conceivably detrimental effects of comparative analysis. The benefits are often excellent but a potential purchaser cannot be sure until he/she has grasped the fundamentals of reversionary bonus, interim bonus, terminal bonus, deferred annuities and other technicalities.

This could all be explained on the grounds that these arrangements were all conceived, written and performed over a hundred years ago. The unit-linked offices are of a more recent vintage and have made much of their appeal to consumerism. Nevertheless, fresh off the mark, with a clean sheet, an empty glossary and a wide brief they choose to present their wares dressed with a bid and offer spread, capital units,

accumulation units, and, of course, switching facilities.

Product presentation is determined not only by what the product is designed to do but how it is designed to do it. A comparison of the relevant value of with-profit/unit-linked/deposit administration is difficult and depends largely on how one values certain things.

It is difficult to present with-profit and unit-linked business in layman's language. Deposit Administration was made for it. In more creative realms than pensions business, variations on a theme occasionally surpass the original theme. For pension contracts, function is the only criterion, hence a purpose-built product like Pension Plan scores over the with-profit/unit-linked vehicles designed for life assurance and savings and since converted for use in pensions.

Phoenix Pension Plans are designed with Deposit Administration as the binding style—to offer pension products providing good value as measured by the public and so in the clearest manner possible.

# Your company's main asset lies between the ears of its staff.

So—supposing sickness, accident or death deprived you of the brains and experience of someone you count on? This could mean financial burdens for your business as well as for the employee and his family.

We can shoulder those burdens for you—with a whole range of specially designed policies to protect individuals or groups within companies. Your Phoenix broker has the facts you need.

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Handwritten signature or mark at the bottom of the page.



Johnnie I. Ito

### Linked Business

UNIT LINKED life assurance has come a long way since there was one sort of policy linked to one unit trust. The number of different funds available to policyholders now is very large indeed, and there is hardly a major life office which does not write some linked business. Indeed, it is important to note that linked life assurance has become a quarter of the total new business of the life offices together in terms of lump sum investments, by far the greater proportion is written as linked business.

Linked business started as a move by a small section of the life assurance world to provide policyholders with a direct stake in equities, with the benefit of life assurance. The various policies available have since become much more complex and sophisticated. The links are many and varied, and the originators and designers of these original policies are envied.

Property Growth Assurance, the Phoenix's subsidiary writing linked business, has pioneered many developments in the field, including the offer of policies linked to a fund holding agricultural land. Linking of this nature extends also to pension policies and annuities. Indeed, FGA appears to be the only office offering a unit-linked immediate annuity.

Paradoxically, linked contracts despite their complexity are relatively easy to understand. The traditional bonus system has always been difficult to explain but the holder of a linked policy can see exactly how his policy works.

Linked insurance has always done a great deal to assist in providing protection against the financial consequences of early death. Many an insurance man has begun his training by being told that the purpose of life assurance is to give protection against dying too soon or living too long.

But it is perhaps only in the 20th century that life assurance has been recognised as an excellent medium of saving. It is the unit-linked policies which have done much to expand upon and develop the endowment, assurance and the whole life assurance.

A unit-linked policy can be linked to such solid investments as term deposits with banks — safe enough for the most cautious granny. The underlying idea is straightforward. The assurance company does its sums exactly as it would for a conventional policy. The actuary will calculate a premium rate for a given sum assured, and the sum assured will be paid on death or for an endowment assurance, on a specific future date.

With a conventional policy, the rate will also depend upon whether the policyholder is to share in the profits of the concern. On the other hand, if the policy is unit-linked, the policyholder will share in the profits and in the losses.

It provides a guaranteed sum assured on death, as does a conventional policy. The difference lies in how the profits (and losses) are shared. Profits and losses in this context mean investment profits or losses. The insurance company always carries the risk of death.

A conventional contract smooths out profits over the years. If the contract matures at a time when claim values are depressed there will have to be in effect a transfer from investment reserves to meet the bonuses which have already been declared. Conversely, if a substantial investment profit is made in any one year, a part can be reserved to meet or to cover future hard times.

Under a unit-linked contract the policyholder receives the value of his investment at the time, no matter how large or how small.

It has been argued that the unit holder could end up with very little. But not all the links are volatile, and usually the policyholder may change his link from a volatile fund to a stable fund when he chooses.

It is well known that the prices of many investments can go down as well as up. Property values, for

## PHOENIX ACROSS THE WORLD

OVERSEAS markets are of great importance for the Phoenix. In 1981 over half of its non-life premium income came through subsidiary and associated companies, branches and agents abroad.

The largest single contribution is made by the United States and this amounted to £80.5 million in 1981. Following the 1964 association with Continental, the insurance business of the Phoenix group subsidiary companies in the United States was merged with that of the Continental group and placed under Continental management. The resulting pool of business has since then been shared 94% Continental and 6% Phoenix. This participation provides most of the Phoenix premium income in the United States.

Considerable advantages have flowed from the pooling arrangement. For both members there have been savings in operating costs and particularly for Phoenix the pool has represented a much greater spread of risk than would otherwise have been possible.

In the current depressed insurance conditions in the United States

example, seem generally to move steadily upwards although there are occasional hiccups. A fund linked to property is less likely to have violent fluctuations than a fund linked to, say, international equities, where there are also currency movements to be taken into account.

Property Growth Assurance, the unit-linked subsidiary of Phoenix, offers a full range of funds. As well as the equity property and gift funds it has pioneered a fund linked to agricultural land (where values have doubled since the fund was launched). It is the only insurance company from which it is possible to buy a linked annuity.

The linked companies have been innovators. They have been leading the life assurance industry over the past decade. Property Growth Assurance has been no exception.

Property Growth Assurance has always recognised the need for policies tailored to meet specific needs. All linked policies need a different approach; it is not sufficient to take a conventional policy, remove the bonuses and substitute a direct link to investments.

The Chancellor said in his Budget speech last year "People are deterred from transferring their property during their lifetime. This is undesirable." Property Growth is anxious to support the Government and its CTT plan has been helping people to achieve the desirable end of transferring property during their lifetimes for the last four years.

Those who take out such a plan are able to retain a lifetime income at a rate which can be linked to the income from real-estate, while making an immediate and tax efficient transfer of capital to their children or grandchildren.

The plan works by modifying the traditional investment bond and provides a cash gain on death under a separate policy. The investment bond provides the lifetime income and gives the policyholder complete control over the underlying capital. Unlike a conventional investment bond, however, there is only a nominal death cash sum.

The real death cash sum is provided by a separate policy which is written upon trust. So, effectively, the second policy is given away, and giving away that policy constitutes a gift for CTT purposes.

The gift being given away is the right to receive the value of the investment at a future date: the death of the policyholder, or of the survivor of a married couple.

Clearly, the present value of such a gift will be less than such an amount receivable in the future. The basis for calculating such values has been agreed with the Capital Gains Office.

The income continues unchanged after the first death, and on the second death the capital value of the whole investment passes to the chosen beneficiaries with absolutely no tax liability at all.

market the heavy underwriting losses affecting major operators cannot be escaped, but there is no doubt that when conditions begin to improve Phoenix, through its participation in the Continental pool, will be very well placed to enjoy the benefits of improved results.

Premium income from Canada totalled £25.5 million in 1981. The Phoenix Assurance Company of Canada has its Head Office in Toronto and covers the eastern part of the country. The Century Insurance Company of Canada, with its Head Office in Vancouver, operates in the west. The cyclical nature of the Canadian market is notorious and market losses were at record levels in 1981.

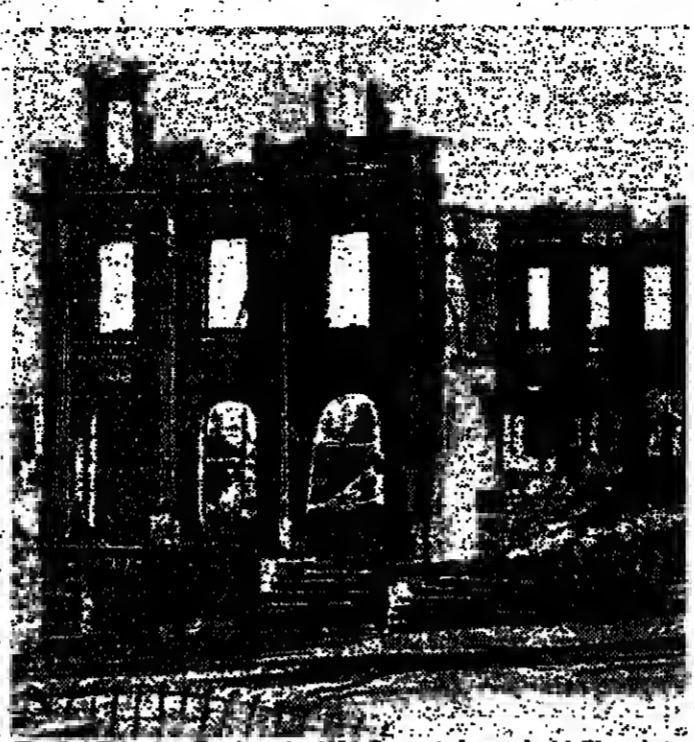
However, in the personal sector, in which the Phoenix group is particularly prominent, it became possible during 1981 to achieve some premium increases and it is expected that further upward rate revisions will be possible during 1982. There are, therefore, some grounds for at least hoping that the bottom of the current cycle was reached in 1981 and an improving trend will be emerging. As soon as this becomes apparent the group will seek to increase market share and it is confident that this can be achieved with profitable results when the time is right.

The Phoenix is well represented throughout Europe. It has subsidiary companies in Belgium, Denmark, Greece, Netherlands and Spain and an associated company in France. In addition there are agencies, either of the parent group or of the subsidiaries, in Norway, Sweden, France, Germany, Belgium, Netherlands, Greece, Italy, Gibraltar, Portugal, Cyprus and Malta. Operations from these trading units generated more than £68 million of premium income in 1981.

As in most other developed areas of the world conditions in Europe are not easy, with high operating costs being an increasing problem. Use of ever more sophisticated data processing facilities will improve efficiency within the Phoenix group of companies in Europe, just as

elsewhere, and help to ensure fulfilment of a continuing objective which is to maintain and develop a major and profitable involvement in Europe.

Elsewhere overseas the group is active in most major areas where insurance can be transacted in the private sector. It has subsidiary companies in Bermuda, Brazil, Kenya, New Zealand, South Africa and Zimbabwe. The network is completed by a long list of associated companies, branches and agencies in Australia, the Far East, the Middle East, Africa, South and Central America and the Caribbean. The group has made particularly satisfactory progress in the Far East and Africa where longstanding operations have been expanded and new associations have been formed which are already developing well and showing exceptional promise. The most difficult market for some time has been Australia, where the



The San Francisco Earthquake, 1906. Property insured with Phoenix to the value of \$3,032,648.

group now has a 50% shareholding in Phoenix Prudential Australia Limited, which writes the merged Phoenix and Prudential/Cornhill non-life business as from 1 January 1982, providing a broader base for future trading and for economies of scale.

The association with Continental has, of course, produced significant benefits outside the United States. In some territories both companies are shareholders in the same domestic insurance entity and even where this is not the case benefits accrue to both companies from co-operation wherever this can be achieved.

A most important link was forged early in the relationship when the Continental Phoenix International Division was created, based in New York but operating also out of London. The international division has successfully organised and provided a complete response to the worldwide insurance needs of

multi-national corporations. At the start such corporations were mainly based in the United States but increasingly the pattern of British multi-national companies' handling of their worldwide insurance needs has changed and they too are finding that the international division can provide a complete and highly efficient service worldwide, but organised centrally. More recently there has been demand for these multi-national programmes for corporations with headquarters elsewhere in the world and this too is being satisfied by the international division.

The Phoenix group which has served the insuring public around the world for 200 years now faces the future confident that its network of companies and representatives, plus its facility to satisfy the multi-nationals, will enable it to meet whatever new demands are made on its services in the future.

## Assurance in Business

"IF I HAD my way, I would write the word 'insure' over every door of every cottage and upon the blotting book of every public man, because I am convinced that, for sacrifice that are conceivably small, families can be secured against catastrophes which otherwise would crush them up forever."

It is our duty to invest the justly earned, not merely of human happiness, but of national health and strength, which follows, when, through the death of the breadwinner, the family are left to struggle helplessly on the dark waters of a friendless world."

WINSTON CHURCHILL  
ON 25 MAY 1906 AT FREE TRADE HALL, MANCHESTER

WORDS to launch a thousand insurance companies!

Phoenix, not surprisingly, would have no quarrel with these sentiments. The significance of the extract though lies in the character of the speaker. Churchill's worst enemies would not accuse him of being risk averse. The venue too is apposite. Free trade never meant trade, without costs. The 'laissez faire' economist believed in the growth of free enterprise through sound management based on knowledge of the relevant facts. The sentiments of Churchill's speech, therefore, just as much relevance to business and in particular to the function of risk management in business.

Risks in business can be categor-

ised into those which can be avoided, minimised, ignored, carried or insured with a measure of overlap unavoidable.

Only some of those which can be insured will be discussed here.

In that more obvious of risk management functions — identifying and measuring the risk — one of the easier subjects can be that of people. In particular for those small businesses in new industries, which the Government see leading Britain's economic recovery, the contribution of people is crucial.

So often this type of business will have one or two people at the helm, typically a marketing man and a production man. So dependent on the skills of these top people is the company that their death or permanent disability would spell disaster. That is a business risk for the company but not one which can be avoided. Minimised, yes, in time as the company grows and replacements are weaned and the management pyramid developed. It certainly cannot be carried by a new business — the jobs of all the employees and the standard of living of their families is at stake. Unfortunately, it seems, however, that is exactly what is happening. The solution to the problem — insurance — is not nearly so prevalent in the UK as, for example, in the USA where one in four companies have cover on at least one executive. The question remains whether this reflects risk aversion on their part or a lack of risk awareness on ours.

Phoenix was probably the first insurance company to respond to this need in the 1950s by promoting life assurance cover for this purpose, adding to the package the natural accompaniment of Permanent Health Insurance in the 1970s. Last

year it went a stage further in producing an audio visual presentation on the subject to acquaint its brokers of the need for this type of protection.

Companies in the UK should realise that an outstanding executive creates risks as well as benefits. His talent is a burden in so far as it demands the employer's commitment, capital and the opportunity costs of orienting strategy to play to his strengths.

The Phoenix approach to what it calls Keyman Cover is typically straightforward. Refusing to cloud the basic requirement of protection with such issues as investment, golden handshakes etc, which are a feature of some approaches, Phoenix advise pure life cover, term assurance and pure disability cover permanent health insurance. If there is cash available for other things such as pension provision then it is surely better to arrange a specific policy for the purpose. The cost to the company of covering the risk then relates more closely to the possibility of the event occurring.

The need for creative risk management does not end with those employees of special significance. Indeed the application of risk management to all employees is almost commonplace in the form of employee benefits packages.

In effect, with these packages the employer assumes, in part, the risk management responsibility normally falling to individuals. Mainly this is in respect of the risk of a reduced standard of living for the employee and/or his dependants due to a loss of income following disability, death or retirement. In assuming this responsibility for dealing with risks the employer frees the employee from certain worries thereby conceivably enhancing performance. Employee benefit packages also reduce the risk of failing to attract and retain high quality employees.

Largely as a result of Government action on pensions during the 1970s, most firms have organised their employees' pension and life assurance requirements. The recent review by the Government of contracting-out terms are so marginal in effect as to leave these arrangements unaltered. In the rather specialist field of group employee benefits, Phoenix expect in future to be providing two particular services more widely in the future. Group Permanent Health Insurance is one which is covered elsewhere on this page. The other is termed Managed Pension Funds. This is the Phoenix investment vehicle for the larger group pension schemes which wish to forego the guaranteed performance of the insured pension fund, and assume a measure of the 'risk' (for the prospect of a better (but without guarantee) performance and a measure of control over the direction of investments.

For a major composite office, Phoenix is also ahead of the field with six funds and a sound investment tradition evidenced by the Birthday Phoenix is celebrating this year. Customers, suppliers and particularly creditors are all anxious to see evidence of sound risk management. Knowledge that a business is 'covered' is a stimulus in enterprise. Sound management of pure risks frees management to broaden their speculative outlook. A crucial part of all this is an awareness of what insurance can do. The Phoenix life and pension portfolio is designed to help in the management of your risks.

Words of course, come cheaper even than Phoenix policies, but this did not deter Winston Churchill from buying a Phoenix Whole Life policy.

## Legal expenses-the new growth market

PHOENIX became involved in the 'launch' in 1975, of an insurance concept which was totally new in Britain. It joined with Deutscher Automobil Schatz of Munich, the world leader in the field, as an equal partner in a new company DAS Legal Expenses Insurance Co., to launch in Britain what might be called, for easier understanding, private legal aid, but which is properly known as legal expenses insurance.

Under this type of insurance the insurance company will pay the legal costs involved in protecting an individual's rights. These costs include the fees and expenses of solicitors, barristers and expert witnesses, court costs, and opponent's costs if awarded against him. This means that anyone can take up the legal cudgels against suppliers who let them down, neighbours who are making their life a misery, or employers who have been unfair — assuming, of course, that there is a reasonable case. Equally important, an individual can properly defend himself if someone starts legal action against him.

Although unheard of in Britain, at the time legal expenses insurance was a well established concept abroad. It originated in 1917 at Le Mans in France where the founders of the famous motor racing circuit, unable to obtain the insurance protection they required, formed a mutual company called La Defense Automobile et Repose whose initials, DAS, have since become synonymous with legal expenses insurance throughout Europe.

The explanation for this lack of British involvement in what elsewhere in Europe was already a significant feature of insurance business, was to be found in the law of this country. As long ago as 1275, a Statute of Westminster outlawed 'maintenance' with a view to preventing harassment by lawsuit.

'Maintenance' here, of course, has nothing to do with children and abandoned mothers, but means the funding of another in a legal action in which one has no interest recognised by the law.

Maintenance was also illegal in medieval Europe, but it was not until the passing of the Criminal Law Act of 1967 in Britain that the crime and tort of maintenance was abolished.

The total lack of awareness of legal expenses insurance was an insuperable starting point and while initial research had given DAS and Phoenix high hopes and great expectations they were acutely aware that what they were launching was a totally new concept which even most brokers had not heard of previously. Moreover, it was appreciated that a legal expenses insurance policy offers more than usual scope for selection against the company.

Originally two contracts were offered designed largely on the German model which in that country had made DAS the leading legal expenses insurer in a market worth an overall £400 million and where over 50 per cent of all households now hold some form of legal expenses insurance. But it became apparent that the structure of the German product range (which is sold there direct to the public in fairly rigid packages) was not finding favour in Britain. British insurance brokers are a strong force in the market and are used to tailoring packages to suit individual needs. At this point, with claims ratios which for the family policy occasionally reached 300 per cent, the future of DAS in the United Kingdom did not look entirely certain.

However, within two years of its launch, DAS started to show its individuality and added new products to its range, building in the kind of flexibility which the UK market demands. It now has a highly

competitive range.

The key to the breakthrough was the introduction of policies for companies who were not slow to see the benefits. Companies face an enormous number of purely commercial situations where legal action may become necessary to protect their rights, such as faulty supplies, broken contracts, unpaid bills, or vehicles off the road through faulty work by a manufacturer or repairer.

Legal action operates both ways and it is equally possible that a company will be on the receiving end of an action, for breach of contract or non-payment of a bill, both of which you may dispute.

Companies can face prosecution under a bewildering array of legislation.

Actions can be brought under weights and measures, trade descriptions, VAT and revenue regulations, health and safety at work and unfair dismissal legislation. But companies daily face new regulations and restrictions through the creation of more laws.

The legal expenses market in Britain has developed in two important ways. First, it is sold on its own merits, independently of any other factor, to cover a wide variety of private and commercial needs.

Secondly — and this is a recent development — other insurance companies are beginning to add legal expenses insurance to one or more of their existing policies, using a legal expenses insurer to underwrite the section. Phoenix, notably, has added it to its household policy, and Bradford-Pennine to its motor policy. Three other companies use DAS in this way. Other companies are known to be planning to follow their lead, and DAS with their experienced and established claims department have a substantial advantage as underwriter for such schemes.

In both of these areas which make up the bulk of the business, the market is dominated by DAS.

Since the early pioneering days, for instance, DAS has remained the only company from which the individual man in the street can obtain a legal expenses policy without any preconditions.

The innovation has continued steadily. This year already launched or in the pipeline are new policies to cover shops, motor bikes, CB users, radio 'ham' and holiday and retirement homes. The limit of indemnity on the individual policy has been raised to £25,000 and disputes with other insurance companies have been added to the cover.

The breakdown of business so far in Britain has been significantly different from DAS experience in Germany. There, more than half of total premium income comes from individuals. In Britain, however, individuals provide only about 10 per cent of total DAS premiums, 65 per cent is commercial, both motor and general, and 25 per cent comes from special schemes.

Many of these simply provide standard policies on a group basis but a growing number are arranged to cover a particular special requirement for a group with a common interest.

For example, a group of account-

ants who act in receiverships has arranged special cover relating to that activity; a national gun club has arranged special cover relating to its members' firearms certificates; and an association of undertakers has protected itself in case any of its members is sued for burying bodies in the wrong place!

Financially, the turning point for DAS in the UK came in 1978. In that year the company achieved its first underwriting profit.

By the end of 1982 premium income is expected to be over £2.5 million and DAS will have paid out something in the order of £1.6 million in claims for legal expenses and will have allocated a further £1.9 million to set aside for outstanding claims, as well as handling numerous claims at no external cost.

In 1976 DAS had a total staff of twenty people in all departments; now it has 55, including 13 field staff administering five regions.

After a shaky first few years, when most of the effort had to be directed towards educating the market, it is now possible to look upon DAS with conviction as a fully-fledged, established business, the undisputed market leader in the UK, with a sound base and an expanding future.

Words of course, come cheaper even than Phoenix policies, but this did not deter Winston Churchill from buying a Phoenix Whole Life policy.

## Capital Transfer Tax - it doesn't affect you?

Most taxpayers believe they are not liable to UK Capital Transfer Tax. In fact, most are.

Unlike other taxes, CTT affects all those domiciled in the UK, even though they may be non-resident for tax purposes.

What's more, the threshold for CTT is surprisingly low — ownership of a comparatively modest house may well bring you within it.

You can reduce your liability by gradually transferring assets to your children or other beneficiaries. This, however, means losing control of your capital and the income it would have produced — an option few can afford.

By investing in Phoenix International's Capital Transfer Tax Plan you can reduce or even eliminate your liability to CTT. You can make larger gifts than is normally permissible whilst retaining control of your capital and the resulting income. Also, you will benefit from the advantage of offshore investment.

To obtain full details, contact your financial adviser or write to:  
Phoenix International Life Assurance Company Limited,  
PO Box 71,  
St. Julian's Court, St. Julian's Avenue,  
St. Peter, Port, Guernsey Channel Islands.

### Phoenix International

An insurance company which does not and is not intended to carry on any part of the UK business of other classes to which the advertisement relates.

## Permanent Health Insurance

NEXT APRIL legislation comes into force requiring employers to be responsible for the first eight weeks of sick pay; after eight weeks there is basically no change — little call for insurance, perhaps. Not so. What is happening already is that employer and employee, management and union are beginning to think seriously about the repercussions of disability, particularly long term disability. The result could be an upsurge of interest in Permanent Health Insurance.

Permanent Health Insurance is a rather special form of cover, not nearly so popular as life assurance but just as valuable. It provides an income, say a monthly sum, increasing if required, on disability following sickness or accident up to a given age, usually retirement age. This type of cover is comparatively cheap because the benefit is not payable until after, say, three or six months of disability.

Phoenix reckon that there is one in four chance that a 45 year old man will be disabled for more than six months before age 65. That is about twice the risk of dying in the same period.

Discounts for bulk purchase

A scheme set up by an employer for his staff will carry a number of advantages over an individual's arrangement. Firstly, Phoenix will assess the whole group not

the individuals and determine the acceptability of the group and the premium to be charged. This could result in medical problems or dangerous occupations, which would preclude individuals, being ignored — at least up to certain limits. Secondly, while an individual would nominate a sum for which he would be covered, the group might be covered for a percentage of salary, say 75% (not 100%, so that an incentive to return to work exists). Cover, therefore, goes up automatically as salary increases. Thirdly, a group benefits from the sick Phoenix administrative systems requiring often only total salary roll details to be reviewed annually. The result is costs of perhaps only 1% of salary roll — modest compared with pension scheme costs. On larger schemes profit sharing arrangements give an employer an each-way bet.

About four years ago Phoenix anticipated a growing interest in this type of business and commenced developments which have seen four new products brought to market. Two of these offer Permanent Health Insurance to groups and individuals on highly competitive terms. However, the other two, Executive Permanent Health Insurance and Keyman Permanent Health Insurance have been pioneered by Phoenix and are gaining in popularity. Executive PH

adds a new dimension to the employee benefits package which will recruit or retain the executive. The arrangement can be tailored to suit a particular company's needs so that not just sick pay but also pension scheme contributions are insured for both executives and directors.

Concern for employees and their dependants notwithstanding, prolonged disability of a key employee can also have a damaging effect on that oft-maligned aspiration, profit. Phoenix was the first insurer to advance the solution to this problem. Keyman PHI — few offices have followed Phoenix into this field. Keyman PHI is designed to mitigate the financial loss to a company from the disablement of a key employee.

The Government's original intention was more permanently to shift the responsibility for the payment of sick pay to the employer. There is a strong possibility that were a Conservative Government returned for a second term of office this measure would be resurrected. Undoubtedly, in this event, employers and perhaps trade unions would look to insurers for some relief from this burden. That Phoenix is poised to provide this service is evidenced by the range of products available and the fact that in the first quarter of 1982 new premiums from individuals to take one example, were twice those for the same period last year.

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ADVERTISEMENT

# On the Road...

BRADFORD-PENNINE is the specialist motor insurance arm of the Phoenix Group, with 800,000 policyholders on its books in 1981. It provides cover principally for the individual private car owner, drawing its business exclusively through insurance broker intermediaries.

The group is an amalgam of two companies, Bradford Insurance Co. Ltd. and Pennine Insurance Co. Ltd. The two companies came together in 1965 and were incorporated into the Phoenix Group in 1971. Both were originally composite con-

Bradford-Pennine's head office is at Halifax in West Yorkshire and its operations extend throughout the U.K., via a network of seven regional offices and some 2,200 insurance brokers.

As a leader in the private motor insurance market Bradford-Pennine accepts that in difficult economic times, many motorists are not concerned with continuity, with goodwill, but solely with premium. A constant turnover of policyholders is anticipated by the management, and systems have to be geared to the acquisition of new business to replace policyholders lost.

In 1981 just over 200,000 new policies were issued. The chain in the insurance transaction operates in the following way. The Bradford-Pennine proposer submits his proposal form through his broker, and this goes straight to the appropriate regional office. Provided there are no underwriting queries a computer record is set up immediately in that office's IBM 8100 system, and passed on the evening of the same day by datafile to the head office at Halifax, where the policy is printed. The next day it is checked and despatched. Unless there are unusual circumstances,

there is a twenty-four hour turnaround.

Business efficiency is the watchword at Halifax. Throughout Bradford-Pennine's organisation, the 540 staff (of whom 330 are at Halifax) are trained to deal with all aspects of motor insurance in large volume but with minimum operating expense; all documentation and most correspondence is now electronically processed, even on the claims side, where traditionally most insurers have always sought to provide a personal touch for the policyholder in trouble.

In 1981 Bradford-Pennine received just on 111,000 new claims, something in excess of 2,000 a week. With more than half of Bradford-Pennine's policyholders opting for "comprehensive" as distinct from some degree of "third party" cover, the majority of claims submitted are for the cost of repairing policyholders' damaged cars.

All such accidental damage claims are handled at the seven regional offices, who number among their personnel twenty staff engineers, to ensure that repairs are carried out as quickly as practicable. Bradford-Pennine has established around the country some 218 regis-

tered approved repairers.

Third party claims, whether for personal injury or damage to property, are routed to the central claims bureau at Halifax, to ensure that the maximum of legal expertise is brought to bear.

Bradford-Pennine, with a total premium income of almost £56m last year, is in the market to provide efficient and economically priced insurance for the individual private motorist with a family car. It has no fleet insurances, nor any large commercial clients; it does not insure high performance cars or expensive prestige cars.

Like all motor insurers, Bradford-Pennine has to increase its rates from time to time keeping an eye on the erosion of premiums by inflation. Bradford-Pennine has just increased its rates by around 7.5%, but this 1982 increase, which dates from 1st May, has come two months after 1981's premium increase. The group hopes that the 1982 rates will be held for a similar period.

Bradford-Pennine has established its success through the support and loyalty of its brokers and the majority of its policyholders. In coming years Bradford-Pennine expects to expand on the firm base it has established, but only by maintaining its high level of service to brokers, and by continuing to offer policyholders a first class product at a fair price.



panies transacting a range of insurance business but over the years the field of activity has been narrowed to allow concentration on the private motorist market.

# On the Water...

THE ORIGINS of the Phoenix Group Marine Department lie with two specialist companies: the Union Marine Insurance Company Limited, established in Liverpool in 1863 and interested mainly in the then flourishing cotton trade, and the Northern Maritime Insurance Company Limited, also established in 1863 in Newcastle and concentrating on the then lively coal exporting trade.

Their dependence on two of the main trades of the day is emphasised by the fact that their first branch offices were set up in Manchester (Union Marine) and Cardiff (Northern Maritime).

Both the companies were brought into the Phoenix family between 1911 (Union Marine) and 1917 (Northern Maritime) to join a relatively newly established Phoenix Marine account started some years earlier in London.

Since these early days the Group has developed its Marine account from an original £300,000 plus (Union Marine Liverpool 1863) gross premium income to the current gross level of in excess of £55 million. As with most insurance

groups of our size, various acquisitions, mergers and associations have taken place along the way and helped with this development. Perhaps the most effective of these took place in 1964, when Phoenix's United States branch in New York was transferred to the management of Marine Office of America Corporation (MOAC), which then afforded to the Phoenix Group the full facilities of that company in the United States. MOAC is the marine arm of the Continental Corporation, one of the largest insurance and insurance service groups in the United States, with extensive overseas facilities.

This association, apart from affording the Phoenix Group access to a wider spread and larger marine book in the U.S.A., also started a similar joint operation in the London market and allowed the use of combined capacity and facilities in the international market. With the united facilities of the Phoenix Group and working in close harmony we are able to offer to insureds, brokers and agents a most comprehensive worldwide service. Under a Phoenix Marine Policy,

claims can be settled in most international trading currencies, with claims and survey facilities in most trading countries. In addition the group conducts an efficient claims recovery service, which can effectively pursue claims against responsible third parties, thus helping to reduce the claims experience of insureds and thereby assisting them in keeping their insurance costs down.

With the changing scene of insurance, particularly with larger clients who are increasingly inclined to be more interested in absorbing part of the insurance trading risk for their own account, the Marine Department is becoming increasingly expert in handling their problems.

The marine department of an international composite company, such as the Phoenix, must adapt its ways to the changes of clients' requirements and the group believes that it can provide the necessary expertise and facilities to meet these requirements as they arise. Additionally many countries today are imposing trading restrictions, as well as enforcing requirements to insure in their domestic markets. Phoenix is well placed to be able to assist in these instances.

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To do this we are well established in the London marine broker market and operate a full comprehensive service throughout the United Kingdom, with regional offices in Glasgow, Liverpool, Bristol, and London, together with a branch in Manchester and Birmingham. All Phoenix offices in the United Kingdom have easy communication to these regional marine offices. Overseas the group operates through branch and underwriting agencies in twenty countries, as well as through the many overseas Phoenix subsidiary and associated companies. All these operations include underwriting and claims settlement facilities, forming a most comprehensive network and providing experience of trading in many parts of the world.

# In the Air...

THE PHOENIX aviation department celebrates its 21st year of operation at the same time as the 200th anniversary of the company. When the company decided to enter the field on its own account in 1961, jet aircraft had only recently established themselves as the new accepted form of transportation, halving the time for transatlantic flights compared with earlier propeller-driven aircraft.

It was partly to meet the needs of the increasing sums insured which would be required to cover both the hull and liability risks in this new era of transportation that encouraged the company to commence this new venture.

The early days were difficult ones as a firm market had already been established immediately following the war period and comprised a number of Lloyd's Aviation Syndicates and literally a handful of companies, all of whom were housed in the Lloyd's Building.

In the early stages it was impossible to find accommodation in the old Lloyd's Building and the first risks were written in June 1961 in a small office in the third floor of 8/10 Line Street, long since demolished to give way to a new building. Within a few years the majority of the major companies entered this specialist field and competition increased. Most of these companies are now housed together in a new building on the corner of Billiter Street and Fenchurch Street.

Aviation insurance is comparatively new, the first and largest specialist company in London having only recently celebrated its 50th anniversary. This branch of the business does not benefit from old-established rules, regulations, laws and customs which exist in other classes and cannot call upon these for guidance. Although a number of standard wordings and clauses are now more in common use, a great deal of innovation is still necessary to provide the insurance cover required, especially in view of the complication of ever-changing legislation.

Notwithstanding the understandable desire of every country to become more involved in this growing form of insurance, London is still widely regarded as the centre and has to live up to the responsibilities that this places upon it. Although the Phoenix did not establish a specialist aviation division until 1961, policies of insurance were issued for personal accident cover to fare paying passengers by one of its subsidiary companies as long ago as 1922. This is, in its archives, a copy of a policy issued for the sum of £1,000 to cover death, with the usual benefits, together with the relevant cheque for the sum of 15s issued by the branch manager, Mr A.L. Lintott, to a passenger, Mr H.C. Clamban, for the first passenger carrying aeroplane flying between Manchester and London on the 23rd October, 1922. The

archives record that the policy was issued at a height of 1,500 ft over Crewe but there appears to be no satisfactory explanation of how or why this should have been issued during the flight, although the cheque is clearly marked "in air".

The introduction of the Boeing 707 in 1958 coincided with the re-introduction of the Comet 4, which was a modified version of the aircraft which had suffered such an unfortunate run of losses some four years earlier. Inevitably, the new concept of podded engines on the 707, coupled with the earlier experience of the Comet, made insurers extremely cautious in their approach to taking the new type aircraft and initially rates of between 5% to 6% were not uncommon.

Even at these terms the first year of 707 operations did not result in a profit to insurers, although the experience with these machines improved extremely quickly and they ultimately proved to be far more reliable than the more complex piston engine aircraft.

A rapidly improving safety trend and expansion of air transport, coupled with the desire of more companies and agencies to participate in this new and exciting form of insurance, quickly caused a rapid reduction in premium rates. By the end of 1960 there were some 400 jets in service and only four were lost during that twelve month period.

In 1961 there was a dramatic reversal of these fortunes. The number of aircraft in service increased by 50% but losses by the end of the year had risen to twelve, thus doubling the burning cost of the previous year. Furthermore, whereas no passengers had been killed in 1960, nine of the losses in 1961 killed everyone on board and 255 passengers and the crews lost their lives in that period in jet aircraft.

The statistical picture before underwriters was thus rather confusing with the introduction of what became known as the second generation of aircraft in the form of the Trident. The new design concept was to interrupt the air flow as little as possible, keeping the tail high and mounting the engines at the rear, thus keeping the wing completely clean.

The three engine Trident was introduced in 1962 and the smaller

BAC 111 with its two engines in 1963. The Boeing 727 with a similar configuration to the Trident followed in 1964 and the smaller DC 9 in 1965.

Not unnaturally the manufacturers stressed the improved technology of these new types which they felt would inure to the benefit of underwriters. There is little question that subsequently this proved to be the case and as this second generation of aircraft proved safer than the initial types it has probably been forgotten that the experience during the first million flying hours was very similar for both types.

The different types of liability coverage available, in addition to normal hull insurance, are wide ranging, from the insurance of hangar keepers and airport premises, up to the more exposed and catastrophic potential of the aircraft manufacturer. It is, however, the liability to passengers that carries such a high claims potential, whether these claims are held to be the liability of the airline or ultimately fall on the manufacturer. The

satellites. The construction of the first Concorde commenced in 1965 and made its first flight in 1969.

It obtained its type certificate in the UK in 1975 and entered service simultaneously with Air France and British Airways on the 21st January, 1976, halving the time of long distance travel in the same way that jet aircraft had halved the journey times of the earlier piston engine machines.

With a seating capacity of around 100 the insurances required in respect of passenger liability presented the market with no problem compared with the 400 seats of a wide-bodied aircraft but the initial sum insured for the hull of around £25M was the value of a 747 in 1975, and certainly stretched the capacity of the whole market, which, nevertheless, ultimately met the needs of the airlines as it has always done in these circumstances.

Satellite insurance is older than that of Concorde. The first insurance was placed 16 years ago in 1965 and covered only the launch vehicle of the "Early Bird" satellite against physical damage prior to launch. A little later a quotation was given to pay in the event of the third of three successive attempts to place the satellite in the correct orbit not succeeding but the quotation was not accepted. In 1968 insurances were effected on the basis of paying if the second of two satellites did not reach its correct orbit and tilt the necessary 9 degrees to start transmissions.

Early insurances were on a very cautious basis with the insured being required to co-insure for around 25% of the risk and rates were of the order of 15%.

The insurance market moved forward with the proven reliability of launches and cover today is not only given on all aspects connected with the first launch but is extended to provide insurance in the event of its failure to transmit to a given standard over a period of time.

There is clearly a future for satellite insurance and already consideration is being given to launches that will be made by the Space Shuttle. It is estimated that the insurance market has suffered losses totalling \$120M as a result of the loss of three satellites, the largest being the disappearance of the Satcom 3 belonging to RCA, at a cost of \$78M, which has not been traced. Our current estimated gross premium, this would give a loss ratio of around 125%. Nevertheless, always provided adequate premiums can be obtained, it is unlikely that the market will not be able to meet the insurance needs connected with these spacecraft.

The communications satellite market has been estimated to be worth \$5,000M between now and 1995 and double this by the year 2000. Much of this market will be used for direct broadcast television as well as providing better desk-top world-wide business links.

Since 1961 the Phoenix has been directly concerned with all aspects of aviation insurance throughout this exciting period and has grown to become one of the major offices specialising in aviation insurance.



Pioneer Passenger Flight, 1922. Fare-paying passengers insured with Phoenix.

# London Guarantee & Reinsurance Co Ltd

IN THE early years of the Phoenix, development of fire insurance had taken place without the assistance of reinsurers - the protection of underwriters against large individual losses which might strain their underwriting capacity. Risks too large for a single underwriter to carry were placed directly with a number of underwriters, on a co-insurance basis, and it was not until the second quarter of the nineteenth century that reinsurance began to provide the means whereby an underwriting company could increase its own acceptances and reduce the need for co-insurance.

At the end of the century non-proportional excess of loss reinsurance, whereby the underwriter retained for its own account any loss up to a given figure and reinsured any excess up to a fixed amount, was introduced in the London market.

Development of reinsurance companies took place during the second half of the 19th century, notably in Germany, and the first successful British company was not

founded until 1907. In 1919 it seemed appropriate for the British insurance market to see almost unlimited prospects for breaking into the hitherto German dominated world reinsurance market and many insurance companies were formed at that time to meet the sudden demand for capacity. Tariff Reinsurances was one of the few survivors of that period and if present day reinsurers feel that life could hardly be more trying they may like some consolation from the fact that their predecessors were equally disturbed.

At the Annual General Meeting in 1922 the Chairman of Tariff Reinsurances said: "It is generally conceded that, apart from serious conflagration years, 1921... was one of the worst years ever experienced".

The Company was formed with the object of keeping in the United Kingdom "business which had previously gone to foreign companies" and within 18 months of its inception the chairman could say that the

company had reinsurance connections, with over 60% of the Tariff market in London.

The entrepreneurial spirit of these early pioneers had led them by 1925 to purchase the Olympic Fire & General and the City Fire Office. Unfortunately for them, both companies had substantial marine portfolios and the result was a series of heavy losses which the young company had difficulty in carrying.

In 1921 Tariff Reinsurances had participated for the first time in the Phoenix first surplus fire treaty and by 1925 the Phoenix had acquired a substantial shareholding in the company. In 1927 all inward treaties were guaranteed by Phoenix and in 1933 when it became apparent that without further capital Tariff Reinsurances would have insurmountable difficulties Phoenix acquired the whole of the share capital.

Tariff Reinsurances continued to be the Group reinsurance vehicle until 1975, serving the operations of the Group with reinsurance support and developing a world-wide portfolio of inward business with particular emphasis on European markets.

By the mid-1970s the pattern of international insurance and reinsurance was changing and the decision to strengthen the Group's reinsurance operations led to the use of the old London Guarantee & Accident name in the re-structured company which by now had well outgrown its old tariff associations and was ready to assume a larger role in the world of reinsurance, renamed London Guarantee & Reinsurance.

In July 1975 a regional office was opened in Singapore with the object of assisting and participating in the rapidly developing markets of the Far East. So successful has this venture been that in 1981 gross premiums of over \$13,000,000 (Singapore) were written in countries ranging from Pakistan to Korea, including mainland China.

In recent years LGR has responded to the difficult trading markets around the world, partly by investment in computer based systems to improve productivity and output as a means of remaining competitive and abreast of technical developments in the reinsurance industry.

Using real time, screen based data processing equipment systems have been developed to handle the highly complex currency and underwriting needs of international business. The systems developed will maintain accounts acceptable to auditors, ceding companies and retrocessionaires, brokers and statutory bodies, control cash flow and assess underwriting performance. It will monitor the maintenance of both claims and premium reserves with appropriate tests for adequacy. It will control the flow of information in and out of the processing system and between departments. The sys-

tem will deal with 138 different currencies and 152 separately identified territories.

The files are designed to hold all details of all transactions and all policies both inward and outward so organised as to give effective processing by the system itself as and when required. The concept of the system relies upon the entry of all data once only for all purposes and to retain all detail in its original form for processing and reporting as required either in the form of printed reports or via the screen.

Recognising the re-growth in facultative business in London an Underwriting room was established at the end of 1981 with Group colleagues at 50 Leadenhall Street to accept facultative reinsurance in the following classes:

- Fire & Allied classes.
- Consequential Loss.
- Erection All Risks.
- Contractors All Risks.
- Engineering including Machinery Breakdown.
- Material Damage and Consequential loss.
- All Risks, both commercial and private.
- Burglary Theft Cash in Transit and other Crime risks.
- Fidelity Guarantee.
- Public Liability and Products Liability.
- Goods in Transit.
- Personal Accident.

Reinsurances are written from direct insurers within the United Kingdom and abroad, premiums accepted and claims paid in most currencies of the world.

Proportional reinsurance remains the backbone of the Company's operations with treaty relationships with 150 different companies in all the markets of the world. The Phoenix Worldwide First Surplus Treaty is traded for reciprocity around the world. The inward business so written amounts to some 50% of the net proportional treaty income of the company. The other 50% is written in the open market either directly as the result of extensive travelling by underwriters or through the broker market.

Non-proportional or excess of loss reinsurance is a small but important part of the portfolio of LGR and one that will see development in the future with the increasing tendency for the London market in particular to seek this form of protection.

LGR is now well-equipped to handle its role as a professional reinsurance company. Change is the keynote of markets world-wide with the twin effects of overcapacity and high interest rates demanding new levels of technical, financial and administrative competence. In all these areas LGR has a highly professional level of expertise and a willingness and ability to play its part in the continuing development of the group worldwide.

# The market leader



The widest range of policies for companies, groups, and individuals.

For further information contact DAS Head Office, DAS Legal Expenses Insurance Co. Ltd., Phoenix House, Redcliff Hill, Bristol BS1 6QZ. Tel: Bristol 0272-290321.

Offices in Birmingham, 021-236 8246, Glasgow, 041-221 7010, Leeds, 0532-442901, Leicester, 0533-544000, London, 01-680 9564, Manchester, 061-833 0151, Newcastle, 0632-612501.

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If we make our Home Policy any more comprehensive, we'll be insuring your clients against burning the dinner.

The Phoenix Home Policy is already widely recognised as the best in the market. Now we're adding 7 major improvements (and over 20 minor ones):

- Single article limit now £1000;
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- Damage by pets covered;
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We're now issuing all policies on 14 days approval. FREE CONSUMER PROTECTION COVER. All clients who take a new Home Policy are eligible for a full year's Consumer Protection Cover completely free. This will protect their legal rights against the supply of unsatisfactory goods or services. Offer closes 30th June, 1982.



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Please send me prospectus for the improved Home Policy and the Legal Expenses Policy.

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Post Code \_\_\_\_\_













SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Bunzl, the paper and packaging group, went ahead with a £13.5m bid for security printer Benrose Corporation at 120p per share...

John Massey raised his offer for Lonsdale Universal from 55.64m to 55.7m and gained the latter's acceptance. The latest bid of 87p per share compares with its former offer of 80p and tops the rival offer from Robert Maxwell's British Printing and Communication Corporation by one penny per share.

Harmer Securities, a subsidiary of the privately-owned Rowlandson Group of investment and property companies, is offering 30p cash per share for 86 per cent of Finance and Industrial Trust it does not already own.

Lookers, the Manchester-based motor vehicles distributor, launched a 50p per share cash offer for Braid Group, another North country distributor. The outright bid follows a series of recent share purchases by Lookers by which the latter built up a 21.1 per cent stake in Braid.

Thomas Roberts (Westminster) bid 40p per share for the outstanding 8.56 per cent shares in the loss-making timber group Burt Boulton which has been agreed by the latter's three independent directors.

Table with columns: Company bid for, Value of bid per share, Market share, Price before bid, Value of bid, Bidder. Lists companies like Dunlop Steels, Empire Stores, Federated Land, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings per share, Dividends per share. Lists companies like Advance Services, Allied Plant, Alpine Holdings, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit, Interim dividends per share. Lists companies like Allied Land, Barton Transport, BOC Group, etc.

Offers for sale, placings and introductions

Bairdrow Eves—Listing planned for next week. Bournehead and District Water Company—Is raising £1.5m by way of an offer for sale by tender of 8 per cent redeemable preference stock...

MAI pays £11.75m for Guy Butler

THE FINANCIAL services and advertising group MAI and Allen International (MAI), yesterday reached final agreement with Sime Darby to buy Guy Butler, the UK money broker for £11.75m.

Chain Reactions Due to Generate Big New Gains

A huge contract to revitalize U.S. Army data handling procedures goes to Electronic Data Systems of Dallas and the stock jumps \$10 from the \$19 level where the company's organization had been recommending it and buying for the Jeffrey managed Growth Strategies Fund...

The Jeffrey Letter

Published by Pressmaster Limited Suite 411, London International Centre, 75 Shaftesbury Lane, London EC4A 3JG, England Tel: 01-622 1248

Hawley to demerge retail operations

Hawley Group is to demerge its retailing operations selling sports equipment and hi-fi and video products throughout the UK. The Walsall-based group will establish a new holding company called Carraun in which it will retain a stake of 12.7 per cent.

Tom Whyte £1m U.S. investment

MR TOM WHYTE has found a U.S. vehicle to add to his recent involvement in Sangers, the British wholesale pharmaceutical group.

ESL IN MERGER TALKS WITH PARENT

Dealings in ESL London were suspended yesterday at 2.30p as the group announced that it was "considering the possibility" of merging with its unquoted parent in Pennsylvania, International Signal & Control Corporation...

FIFE INDMAR

The first additional payment of £196,000 by Fife Indmar in connection with the acquisition of Park Naval Engineering will be satisfied by the issue of 132,202 ordinary shares of Five.

"PENNY SHARES"

Monthly advice on low-priced shares, which to buy and when to sell. For full details and a FREE COPY write: THE PENNY SHARE GUIDE, 111 Blomfield Street, London EC2M 7AY

M. J. H. Nightingale & Co. Limited

Table with columns: Company, Price Change, Dividend Yield, Fully Paid. Lists companies like High Low, 130 100, 75 82, etc.

LADBROKE INDEX

Close 557.562 (+3)

THE TRING HALL USM INDEX

122.5 (+0.3) Base Date 10/11/80 100 Tel: 01-626 1591

British Vita management in buy-out

BRITISH VITA, the flamm, plastic and rubber compounds group is selling its peripheral and loss-making road haulage interests, Blue Dart Transport, to its management for some £550,000.

BRITANNIA ARROW

THE NET asset value per existing ordinary share in Britannia and Commercial Investment Trust on May 17, the date for calculating the value of Britannia Arrow's ordinary offer, was approximately 251.1p.

TIBER ENERGY

Tiber Energy Corporation has announced that Carraig North West Energy has withdrawn from the proposed Southeast Asia joint venture.

The Scottish Mortgage and Trust PLC. Summary of Results for year to 31st March 1982. Includes financial data and a portrait of a woman.

The House of Lerosse PLC. Extracts from the Statement of the Chairman, Mr. M. K. Rose. Includes text about the company's performance and a portrait of a woman.

Management Agency & Music P.L.C.

INTERIM STATEMENT The Profits of the Group before taxation as shown by the unaudited accounts for the six months ended 31st January 1982 amounted to £1,023,935 compared with £1,010,541, for the comparative six months last year.

LOCAL AUTHORITY BOND TABLE

Table with columns: Authority, Annual Interest, Life gross pay, Minimum of interest, Life sum bond. Lists authorities like Knowsley, etc.



CONTRACTS

Lilley Construction wins £37.6m in Nigeria

LILLEY CONSTRUCTION has been awarded a contract valued at £37.6m by the Plateau State Government of the Federal Republic of Nigeria for water supply projects within the state.

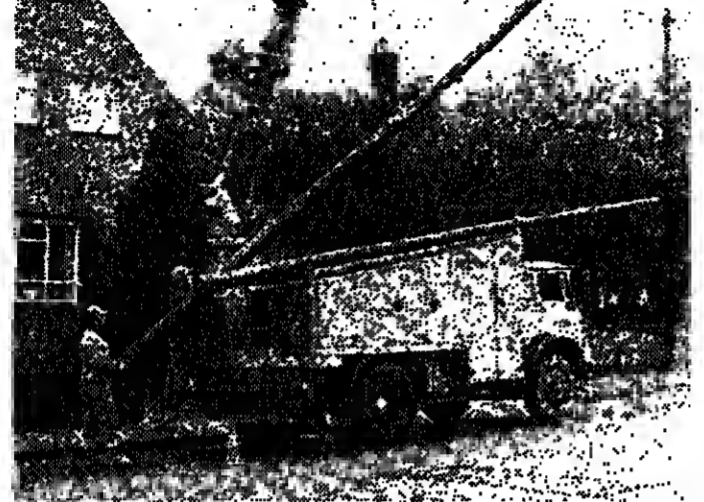
TRIVENI ENGINEERING WORKS has won a turnkey contract for setting up a \$29m (£16m) sugar mill in Indonesia.

BRITISH SHIPBUILDERS subsidiary shipyard in Lowestoft, Brooke Marlow, has secured a contract, valued at about £5m with the Sultan of Oman's navy for the conversion of an existing vessel into a patrol and training ship.

ISIS CONSTRUCTION, member of the Isis Group, recently the subject of a management buy-out, has orders for new works totalling £7m.

Messer and Russell Group has a £1.7m contract for television South's new studio complex in Maidstone and another job, valued at £50,000 for the headquarters of Channel 4 TV in Charlotte Street, central London.

A group of three Japanese telecommunications Oxfordshire County Council has placed an order valued at £350,000 with INTERNATIONAL COMPUTERS for its new DRS 30



KING TRAILERS, Market Harborough, has an order worth £1m for the supply of 31 pole erection units to British Telecom.

Installation and the connection of services at the top of the pole via an aerial basket. Various options can be supplied including power hand tools, equipment to facilitate the removal of redundant poles and chassis-mounted lockers to stow and transport ancillary equipment.

multi-microprocessor-based distributed resource systems. The contractor's main requirements were for microcomputers which could provide advance networking facilities when linked to its ICL 2903 and 2904 computers operated by Oxford City Council and four other district councils in Oxfordshire, and to Oxford Polytechnic's computer.

WALTER LAWRENCE & SON has been awarded a £12m contract for an industrial/warehouse complex in Wilton Street, ECG, on behalf of Nordic Finance in association with the London Borough of Hackney. Work due to start this month, comprises 18 industrial workshop units on three floors with a warehouse and hasegem garage. Completion is due by March 1983.

RENOID POWER TRANSMISSION has been awarded orders worth over £188,000 by English Clays Lovering Pochin and Co for vertical agitator worm gear units to be supplied as part of the drive mechanism on its mineral processing equipment used in the processing of china clay and similar fine white minerals.

COSTAIN CIVIL ENGINEERING has started work for the British Airports Authority on a 1.3 km dual two-lane carriage-way at Heathrow Airport—the southern perimeter road. The £1.9m contract is due for completion in spring 1983, and con-

TREND OF INDUSTRIAL PROFITS ANALYSIS OF 98 COMPANIES

THIS IS the first of a new series of Industrial Profits Tables, designed to complement the daily FT-Actuaries Indexes which form the basis for investors' analysis of relative share-price performance.

Table with multiple columns: INDUSTRY, No. of Cos., Turnover, Profits before tax, Pre-tax profits, Tax, % change, Earnings per share, Dividends, Cash flow, etc. Rows include Building Materials, Contracting, Electricals, Engineering, Mechanical, Metals and Metal Forming, Motors, etc.

Table with multiple columns: INDUSTRY, No. of Cos., Turnover, Profits before tax, Pre-tax profits, Tax, % change, Earnings per share, Dividends, Cash flow, etc. Rows include Banks, Discount Houses, Hire Purchase, Insurance Life, Insurance Composite, Insurance Brokers, Merchant Banks, Property, etc.

NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries, used in the daily Financial Times—Actuaries Indexes. Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.

U.K. CONVERTIBLE STOCK 22/5/82

Table with columns: Name and description, Size (£m), Current price, Terms, Conversion dates, Flat yield, Red yield, Current, Premium, Range, Equiv Conv, Div, Current. Rows include British Land 12pc Cr 2002, Hanson Trust 9pc Cr 01-06, etc.

\* Numbers of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock.

INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS — the cause and cure of which are still unknown — HELP US TO BRING THEM RELIEF AND HOPE.

At Princes House, Gresham Street, EC2, JOHN LELANDT is to fit out the ground floor for the Kings Bank and refurbish three other floors in contracts valued at £1.8m.

Two contracts, valued at more than £1.3m, have been won by TAYLOR WOODROW CONSTRUCTION (SCOTLAND). The larger, worth £1.3m, has been awarded by Taylor Woodrow Industrial Estates and is for the construction of a new warehouse in Cambuslang Road, Rutherglen, Glasgow.

Construction contracts in the south west worth £2m have been won by E. THOMAS & CO., a member of the Mowlem Group. The projects are on the A33 near Lyme Regis, at Seaton over the Devon border near Axmouth, at Newton Abbot and at Alverdisport near Barnstaple.

A £16m contract has been awarded to CROUDACE CONSTRUCTION by the London Borough of Lewisham for the construction of 47 houses and 22 flats. The borough has also awarded the firm a £577,000 contract for the construction of a further 18 houses. The first project will be in mixed two-

makers has won orders worth £4.6m (£10.5m) from Indonesia and Malaysia for a submarine cable project. NIPPON ELECTRIC CO. is the chief contractor of the group which includes FUJITSU and OCEAN CABLE CO.

WILSON CONSTRUCTION is building a factory and offices at Bone Lane, Newbury, for Abex. The factory, of steel frame construction will be 11,500 sq ft, and the mezzanine office area will be 2,800 sq ft. Contract value is £400,000. Wilson is also refurbishing offices at Cliftonville, Northampton, for Wilson (Connolly) Properties, at a cost of £135,000.

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Advertisement for Radio City (Sound of Merseyside) Public Limited Company. Includes 'Abridged Particulars', 'Offer for Sale by County Bank Limited', and contact information for County Bank Limited and various branches.

Vertical text on the right edge of the page, including 'BOOKS', 'Wick', 'BILLIARD', and other fragments.



Handwritten note: "The Arab in Hebrew Prose"

BOOKS

Buchan's mantle

BY RACHEL BILLINGTON

John Buchan: A Memoir By William Buchan, Buchan and Enright, £9.95, 372 pages.

The Best Short Stories of John Buchan Vol. II Edited by David Daniell, Michael Joseph, £8.50, 240 pages.

John Buchan, the novelist, lives on. Penguin has just brought out new editions of *Peter Rabbit*, *The Three Hostages* and *The Island of Sheep*. The *Thirty Nine Steps* in film form is an annual favourite on television. David Daniell publishes in June his second volume of *The Best Short Stories*. Graham Greene has acknowledged his debt; the complete works have been the subject of a serious work of literary criticism. At this stage, however, William Buchan has felt justified in writing about Buchan the man. He was, after all, not only a highly successful novelist, but a historian, soldier, politician and finally as Lord Tweedsmuir, Governor-General of Canada.

a great man. Particularly one who, like John Buchan, had early discovered the secret of total application. Buchan's upbringing might be enough reason for this. He grew up with Victorian standards of duty tuned up even more tautly by a father in the Presbyterian Church of Scotland. He was, as William Buchan describes him, a "son of the manse," a distinction shared by such names as Lord Reith, Alexander Fleming and Lord Beaverbrook (on the Canadian side). A more exotic reason for his living every moment to the full is suggested by his son. At the



John Buchan: stiff collars and upper lips

There has already been a comprehensive biography, written by Janet Adam Smith and published in 1964. We have here something else, that rather disquieting book from called "a memoir" which, in the wrong hands, can seem an excuse for a kind of unresearched wishy-washy reminiscence which one can't help feeling gives more pleasure to writer than reader. In other words, its success depends more than usual on the character of the author.

In this we are lucky with William Buchan. He is not only a professional writer (and poet) himself but also has lived long enough to bring to his father's story his own settled views on life. The theme of this book, in which the son plays chorus to the father, is the passing of those virtues which he represented, of "courage, truth, joyfully, honour and compassion"—as the jacket flap lists them. Often and sadly the son regrets their loss.

This memoir, then, is a loving celebration of a great man, of a "genius," told as an example to the rest of us. Not that Buchan Jr is ever priestly. On the contrary, he himself is almost excessively humble, describing his own failures in most of the areas where his father so demonstrably succeeded. It is not, it need hardly be said, easy to follow in the steps of

off repeated elsewhere, in this dialogue from *The Island of Sheep*: "Pretty good," he said. "England is the only really comfortable spot on earth—the only place where man can be utterly at home." On the other hand these almost complacent sentiments are equally often, as they are in the continuation of this piece of dialogue, spiked by the belief that comfort and pleasure must be earned: "Too comfortable," I said. "I feel I'm getting old and soft and slack. I don't deserve this place, and I'm not earning it."

Those who wish to know details about Buchan's working life, for example his extraordinary experiences in South Africa as one of Milner's "Kindergarten," must look to Janet Adam Smith's book. William Buchan does note the important effect of his confrontation with death and disorder among the Boers on his father. When he returned to England he was no longer satisfied to be a bright young man in London. His horizons had spread wide enough to encourage a world view. He stood apart. The picture painted here is always of someone who stood slightly apart from the herd, even though he was at one level the most conventional of men. (The stiffness of his stiff collars is one of his son's abiding memories.)

Buchan never gave himself entirely to one career. Indeed, the wide scope of his talents resulted in his never being quite as respected in any of them as he would have liked. At a moment when he was contemplating a career in politics, his wife quoted to him advice she had been given at a party: "John must stand for Parliament and he must belong to one side or the other."

This standing apart and ability to see both sides of the argument are, above all, the qualities of a writer. They are apparent in Buchan's books of history as much as in his fictional works. (Mr Daniell in his interesting introduction to the new volume of short stories, quotes a wonderfully vivid yet objective passage out of Buchan's *History*.) They are not, however, the first attributes of a politician. On the other hand, without his experiences in the world outside an author's desk, he could never have written with such authority or scope. His son's memoir may well encourage readers to look further than the Hammy novels.



Anthony Powell, Kingsley Amis, Philip Larkin and Hilary A mis in 1958—an illustration from the book reviewed below

Plaudits for a modern poet

BY ANTHONY CURTIS

Larkin at Sixty Edited by Anthony Thwaite. Faber and Faber, £7.95, 148 pages.

Noel Hughes remembers Larkin as a schoolboy. Kingsley Amis remembers him as an undergraduate. Charles Montagu reflects on Larkin as an author. Robert Conquest on Larkin as a friend. B. C. Bloomfield and Douglas Dum

on Larkin as a librarian. John Betjeman sends him a birthday present of a poem about a Teddy Bear.

Then there are pieces about his work—Larkin the anthologist (John Gross); Larkin the jazz critic (Clive James); Larkin the novelist (Alan Brownjohn); Larkin the poet (Christopher Ricks and Seamus Heaney). And, to make an end, there is a funny piece by Alan Bennett. He has always respected the need for ceremony even while

seeing through it. Certainly, the book makes us aware of how central Philip Larkin and his work are to people in a variety of disciplines and callings. His eminence has been attained by eschewing publicity and sticking patiently to his Yorkshire

last. Like Cowper, Anne Brontë, Hardy, who are among his poetic forebears, he is one of those poets who live entirely within their own strength. And, thank Heaven, he is still only 60. The best may be to come.

Remembering Trott

BY GEORGE MALCOLM THOMSON

The Parting of Ways by Shiela Grant Duff. Peter Owen, £10.50, 223 pages.

Edgar Mowrer asked Shiela if she spent Grant Duff with a hyphen which he thought was the smart thing to do. She replied, "Grandmother's name was Lane Fox Pitt Rivers without a single hyphen. That is much smarter." As an example of one upmanship it would be hard to beat.

Writing now about the painful years before the war when we were all more simple-minded than we are now, Shiela Grant Duff tells the story of a good-looking young woman, herself, with a small private income and an enormous desire to share in or, at least, to observe, the dangerous swirl of events in Europe. She did so as a foreign correspondent, starting her career in journalism as assist-

ant to Edgar Mowrer, Paris correspondent of the *Chicago Daily News*. Her motives were of the highest, her bias liberal.

Looking back, what she remembers best are some emotional entanglements which complicated her study of foreign national affairs. She fell in love with Gorowwy Race, who fell in love with someone else. Adam von Trotz fell in love with her.

Trott, a good-looking young German aristocrat, who numbered among his ancestors the first Chief Justice of the United States, is the most tragic figure in the story. He was a Rhodes Scholar, a liberal and a German patriot, unwilling to believe the worst (that is to say, the truth) about Hitler's regime. Staying in Germany when he could have left, he was at last caught up in

the "Officers' plot" against Hitler and executed.

He took Shiela to Travemünde on the Baltic Coast. One evening after a walk on the sands, he asked what her plans were. "To marry Gorowwy," she said. "He flung himself down beside me and said 'Marry me.' I was completely flabbergasted."

From Paris, where as a young girl she had been told how to avoid embarrassment ("Walk fast and never catch anyone's eye"), she wrote to Trott that she valued his friendship but it was Gorowwy she loved. And that was that—although Trott was not so easily rebuffed.

There followed for Shiela a spell as Nehru's bear leader in London: "He was very beautiful, with not only the beauty of

form and feature but also of expression."

One evening during a walk on Hampstead Heath, she asked him whether he thought man was naturally good or naturally evil. "Good heavens," he said, "and what is Good and what is Evil?" She was terribly disappointed. The Wisdom of the East had not obliged. Years later, she reminded him of his reply. He sighed and said "How banal!"

When Hitler marched into Prague, Shiela at last broke off with Trott, who by that time was pursuing his devious political aims through the Cliveden set. To what extent his relations with Shiela had been a cover for those aims remains, for the reader of this well-written and intense book of reminiscences, a mystery.

Through their eyes

BY SIMON HENDERSON

The Arab in Hebrew Prose, 1911-1948

By Risa Domb, Valentin Mitchell, £13.50, 168 pages.

Newsreel shots of Arabs in the West Bank clashing with Israeli soldiers and settlers brings the apparently intractable Arab-Israeli dispute into every one's living room. Viewed after night the sequences can seem repetitive.

Books written on the subject face a different range of problems. Impartiality is rare. Those written from the one side of the political divide are consequently considered biased and are reviled by the other. Dr Domb's book is different in that it turns the usual prejudices upside down.

The period considered starts before the Balfour declaration spoke of a Jewish national home when the Turks still ruled the area. Hitler had yet to be heard of. But there had already been two waves of Zionist immigration to Palestine and attitudes towards the indigenous Arab population were being established.

In terms of competing nationalisms it is not a glorious period. The settlers from Europe considered the local Arabs at best quaint, at worst irrelevant or in need of a dose of civilisation.

The study begins in 1931 because this was the year that Moshe Smilansky published a collection of stories entitled *Children of Arabia*. The first work in the recently revived Hebrew language really to consider the Arabs. The book goes on to 1948 with the establishment of the State of Israel which institutionalised the struggle with the Arabs.

The fictional works considered almost give a truer account of the period than the so often rewritten history. They also give an outline of the social structure of the Arab community with its division between town Arab, peasant and Bedouin which is still valid.

The conclusion is not a happy one. There was a notable lack of understanding for the Arabs and a failure to consider any individuals.

Racing man's downfall

BY ISABEL QUIGLY

Bad Bet By Roger Longrigg. Hamish Hamilton, £7.95, 374 pages.

Returning By Edna O'Brien. Weidenfeld and Nicolson, £8.50, 158 pages.

Union Street By Pat Barker. Virago, £8.95, 265 pages.

How is a good man, much-loved and honest, brought down, execrated by everyone in his world, hounded out of it, finished? As happens in a much greater novel, *The Mayor of Casterbridge*, we first meet of his worldly glory, fêted, envied, admired, relaxed in his surfeit of success, at exactly the moment when his luck is about to turn. Nemesis is the theme of *Bad Bet*, Roger Longrigg's most ambitious novel yet. "Call no man happy until he is dead" could be its motto.

Matthew Carver is an American whose world is that of horse racing and horse breeding in America and Europe. "He was a good fellow and a clever fellow, a popular bloke and a man everybody trusted," someone muses about him at Newmarket on the day his downhill slide begins. "But he had one ghastly drawback. He wasn't very rich." Influential, and trusted by the very rich, he belongs to a syndicate with vast fortunes invested in bloodstock.

How Matthew is discredited and ruined is cunningly, always, credibly, worked out. There is no single villain or malevolent influence. His good name, his livelihood, his world and his place in it, his family home, his own fortune (such as it is: to most of us he would seem quite rich), all are lost—not through anyone's cunning, or even through real hatred, but simply through all sorts of small envies and unhappy combinations: a trainer he seems (not through his own fault) to let down; a mischief-maker who has the ear of the Press and earns small sums and much glee from his mischief; a groom too frightened of a particular horse to deal with him; a neurotic wife whose prison-

visiting earns her a name for sanctity, and an equally neurotic mistress who disrupts Matthew's life at every turn, including his wife's funeral.

Several small-minded rivals rejoice in the downfall of a man better liked, better known, more grandly placed (even if poorer) than themselves. Matthew's own children are involved in youthful scandals. And then a combination of them all, the momentum of disaster leading to more disaster, gradually mounting, cumulative obloquy. Millions upon millions of pounds are involved. How can the great bay Beauosell have sired mediocre foals, nearly all of them grey?

Roger Longrigg has been compared with Waugh and Wodehouse and Nancy Mitford—not necessarily accurate criticism, but an indication of the mad world he conjures. *Bad Bet* shades the conjure. *Bad Bet* is a portrait of tense, amusing, wide-ranging. I haven't read a novel more instantly readable for months. What it is not, though it deals with tragic downfall, is tragic in scale or feeling. *A Handful of Dust* and *The Pursuit of Love* have a power and density that *Bad Bet* lacks. It is a little too long, too explicit, and occasionally coarse in touch, and therefore, in effect, faintly disappointing at the end—not at the ending itself, which is suitably downbeat and enigmatic, but at the final effect of it all.

Edna O'Brien is at her best in Ireland, the rural Ireland of her childhood from which life and success have exiled her. She looks at it with the irony of distance and displacement. She gets the atmosphere exactly right; the turn of phrase, the sentence structure, the very air and weather. And there too her own life, which has given her so many settings for fiction, comes full circle, her experience away from it allowing all kinds of rich, allusive, views of what, when she was part of it, must have seemed straightforward. A simple example comes in the first of the short stories in *Returning*, "The Conitor Girls," about two sisters whose supposed grandeur the narrator's family, throughout her childhood, longs to share. When at last she is invited to visit them she no longer cares; the local aspirations no longer matter; she has moved on.

"They live on," Edna O'Brien writes of some characters in a story called "Ghosts"; "they are fixed in that far-off region called childhood, where nothing ever dies, not even oneself." This

perfectly expresses both the distance and the ubiquity of childhood; its powerful presence in the rest of life, its tenderly-remembered remoteness, the mixture of feeling it arouses, its inescapable weight. With feeling but entirely without sentimentality, she confronts a community at once primitive and prudish, superstitious, simplistic. In "Sister Imelda" we are back at the narrator and Baba (of *Country Girls*, that hymn to emergence and eye-opening) grumble and grow up under the seductive, half-opened eye of Sister Imelda.

Almost all the other stories deal in some way with comings and goings, returns after time away, circular experiences of the world inside and outside the womb of Ireland. In "Savages" mad Mabel comes home from Australia after years away; in "The Doll" it is the narrator again who has left, then returns: "The years go by and everything and everyone gets replaced... I have fled. I live in a city. I am cosmopolitan." Escape and return are Edna O'Brien's perennial themes, beautifully balanced in this collection of Irish stories.

Pat Barker's *Union Street* is a first novel dealing with the seven ages of women, North Country slum women who suffer first from the life they have been dealt, then from the men around them: a child who is raped; a prostitute, still working her sixties; an even older woman who wants to end where

Ozick oracular

BY SARAH PRESTON

Levitation: Five Fictions by Cynthia Ozick. Secker & Warburg, £8.95, 188 pages.

Ruth Puttermesser: the very name of such a heroine is at once sinister and risible, attracting the reader because it sounds at the same time familiar and alien. A dual quality also pervades the five stories which form this extraordinary, entertaining book, compelling attention by means of both realism and fantasy, contemporary detail, and historical mysticism.

The deathly courtesy of Wasp discrimination against blacks, women, Jews, or anyone eager, anxious and super-efficient, can seldom have been nailed more accurately than in the



Pat Barker: the seven ages of modern women

she began, in her own bone. Their world is one of extreme physical crudeness, totally lacking in not just the amenities of life but the respect, protection, and education most of us take for granted.

Mrs. Barker shows fierce poverty in action, poverty of mind as well as circumstances, poverty of hope and opportunity as well as surroundings. My belief that the subject of fiction couldn't be allowed to count, that its treatment is what matters, is sorely tested by the unremitting squalor and gloom; but perhaps this promising writer may outgrow the cheerless realism that I feel, cramps rather than concentrates her talent.

description of Puttermesser's travels in a Wall Street law office. But the "golden," Hebraic equivalent of the genie of Aladdin's lamp, who enables her to become mayor of New York and make the city a vanguard Eden; is a creation from the ghettos of medieval Eastern Europe. Similarly, "Levitation," the story (or fiction, as the author calls them) which gives the book its title, ends in a paranormal event but is grounded in the all too recognisable lives of college-educated achievers. It is as if Woody Allen had taken over a screen-play by Sholom Aleichem. Zappy prose, a lot to laugh about, a lot to think about, and in the end you are not really sure whether you understood it.

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Ricoh's net profits decline by 14%

By Yoko Shibata in Tokyo
RICOH, Japan's major manufacturer of plain paper copiers...

Toyota Motor Sales lifts second-half earnings

BY OUR FINANCIAL STAFF

TOYOTA MOTOR SALES, the sales arm of Japan's largest motor group...

Sales volume fell 1.7 per cent to 3.2m vehicles but rose by 9.7 per cent in value terms...

Negative factors in the year included higher sales costs and heavier corporate taxes...

Bond may sell major asset

By Our Financial Staff

BOND CORPORATION Holdings (BCH), the Australian energy, mining, brewing and property group...

Dome must pay back \$1.8bn by year-end

BY ROBERT GIBBENS IN MONTREAL

DOMESTIC PETROLEUM, the Canadian energy group which earlier this week announced...

acquisition of Hudson's Bay Oil and Gas. It expected improvements in these conditions over the rest of 1982...

Cockerill in talks with European steelmakers

By James Buchan in Bonn

COCKERILL SAMBRE, Belgium's largest and oldest steel manufacturer...

Among the concerns known to have been approached are Estel, the transnational Dutch-West German steel group...

Kirsh to challenge bid ruling

BY THOMAS SPARKS IN JOHANNESBURG

THE LEGAL wrangle over Kirsh Industries' partial bid for Greatertans, the retail chain...

3.02m voting shares. This, however, was challenged in court by a holder of non-voting shares...

Additional and revised financial statements for Greatertans show major stock write-downs...

Senate to probe default

By David Lascelles in New York

HEARINGS ARE to be held in the Senate next Tuesday on this week's affair involving Drysdale Government Securities...

Cast hopes to postpone S. Korean ship payments

BY ANDREW FISHER, SHIPPING CORRESPONDENT

CAST, THE Canadian-controlled shipping group which recently obtained a major rescue package...

Two are being built by Hyundai and one by Daewoo. Cast wants to extend the long-term financing beyond eight years...

Bleak year ahead for Japanese fibres

BY RICHARD C. HANSON IN TOKYO

JAPAN'S SYNTHETIC fibre makers were hit hard last year by a continued slump in demand for textiles...

division sales (including video tape and films) however, jumped 22.2 per cent. Carbon fibre, though still a minor part...

Asahi Chemical Industry, a synthetic producer with a large, and severely depressed, petrochemical division, was hit even harder...

Companies and Markets

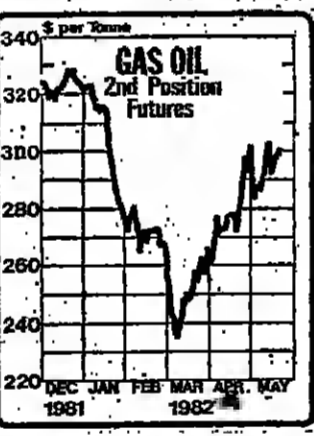
COMMODITIES AND AGRICULTURE

Metals fall in spite of Falklands crisis

BY OUR COMMODITIES STAFF

YESTERDAY'S escalation of the Falklands Islands crisis brought a surprising reaction on the London metal markets...

emphasizing that available supplies are more than adequate at present. In addition a decline in the New York copper market...



BASE METALS

BASE-METAL PRICES were lower on the London Metal Exchange, reflecting the loss in trading coupled with general selling...

GRAINS

Business done—Wheat: May 120.55, 119.55, 118.55, 117.55, 116.55, 115.55, 114.55, 113.55, 112.55, 111.55, 110.55, 109.55, 108.55, 107.55, 106.55, 105.55, 104.55, 103.55, 102.55, 101.55, 100.55, 99.55, 98.55, 97.55, 96.55, 95.55, 94.55, 93.55, 92.55, 91.55, 90.55, 89.55, 88.55, 87.55, 86.55, 85.55, 84.55, 83.55, 82.55, 81.55, 80.55, 79.55, 78.55, 77.55, 76.55, 75.55, 74.55, 73.55, 72.55, 71.55, 70.55, 69.55, 68.55, 67.55, 66.55, 65.55, 64.55, 63.55, 62.55, 61.55, 60.55, 59.55, 58.55, 57.55, 56.55, 55.55, 54.55, 53.55, 52.55, 51.55, 50.55, 49.55, 48.55, 47.55, 46.55, 45.55, 44.55, 43.55, 42.55, 41.55, 40.55, 39.55, 38.55, 37.55, 36.55, 35.55, 34.55, 33.55, 32.55, 31.55, 30.55, 29.55, 28.55, 27.55, 26.55, 25.55, 24.55, 23.55, 22.55, 21.55, 20.55, 19.55, 18.55, 17.55, 16.55, 15.55, 14.55, 13.55, 12.55, 11.55, 10.55, 9.55, 8.55, 7.55, 6.55, 5.55, 4.55, 3.55, 2.55, 1.55, 0.55, 0.00, -0.55, -1.55, -2.55, -3.55, -4.55, -5.55, -6.55, -7.55, -8.55, -9.55, -10.55, -11.55, -12.55, -13.55, -14.55, 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-1120.55, -1121.55, -1122.55, -1123.55, -1124.55, -1125.55, -1126.55, -1127.55, -1128.55, -1129.55, -1130.55, -1131.55, -1132.55, -1133.55, -1134.55, -1135.55, -1136.55, -1137.55, -1138.55, -1139.55, -114



APPOINTMENTS

Senior posts in Thorn EMI group



Mr Geoffrey Hough

Mr Geoffrey P. Hough has been appointed managing director of THORN EMI AUTOMATION...

Mr John G. Payton has been appointed managing director of THORN EMI ELECTRICAL COMPONENTS...

Mr A. J. Trower has been appointed director and general manager of FAIRY CONSTRUCTION...

Mr Roger Martin Wilcock has been appointed managing director of YATES BROTHERS...

Mr Philip G. Bloodworth has been appointed an executive director of CHEMICAL BANK INTERNATIONAL...

Mr Alan F. Harries has been appointed a director of BRANTFORD INTERNATIONAL...

Mr David Cooper has been appointed full-time commercial director of RESEARCH PVTI...

Mr Bruce Clark general manager has been appointed to the board of NORBAIN ELECTRONICS...

Mr Tony Robinson has taken over as managing director of the HOSKINS GROUP...

The Environment Secretary has appointed Sir Wilfred Burns as a member of the LOCAL GOVERNMENT BOUNDARY COMMISSION...

Mr Peter Llewellyn has been appointed director of the NATIONAL BEDDING FEDERATION...

Mr A. D. Hurst Brown has been appointed a director of the HAMBROS INVESTMENT TRUST...

Mr Alan F. Harries has been appointed a director of BRANTFORD INTERNATIONAL...

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Table with columns for Corporation and County, listing various companies and their details.

UK PUBLIC BODIES

Table listing UK public bodies such as Agricultural Mortgage Corp, British Rail, etc.

FOREIGN STOCKS

Table listing foreign stocks from various countries like Australia, Canada, etc.

BANKS DISCOUNT

Table listing bank discount rates for various banks.

REINSURANCE CORPORATION

Text describing the Reinsurance Corporation and its operations.

DOBSON PARK INDUSTRIES

Text describing Dobson Park Industries and its products.

BREWERS

Table listing various breweries and their details.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data for various currencies and stocks.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

Stock Exchange dealings

Details of business done shown below have been taken with content from last Thursday's Stock Exchange Official List...

Table listing stock exchange dealings for various companies and sectors.

COMMERCIAL INDUSTRIAL

Table listing commercial and industrial stocks.

FINANCIAL TRUSTS

Table listing various financial trusts.

MINES - MISCELLANEOUS

Table listing mines and miscellaneous stocks.

MINES - SOUTH AFRICAN

Table listing mines from South Africa.

FINANCIAL TRUSTS

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FINANCIAL TRUSTS

Table listing various financial trusts.

MINES - MISCELLANEOUS

Table listing mines and miscellaneous stocks.



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Table listing various unit trusts and their performance metrics, including columns for trust names, managers, and financial data.

RULE 163 (2) (a)

Applications granted for specific applications in securities listed on any Stock Exchange.

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

RULE 163 (1) (c)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

CURRENCIES

Text discussing currency markets, including Sterling recovered in currency markets yesterday in very thin and nervous trading.

THE POUND SPOT AND FORWARD

Table showing exchange rates for various currencies including US Dollar, Deutsche Mark, Japanese Yen, etc.

MONEY MARKETS

Text discussing money markets, including UK clearing bank base lending rate 13 per cent (since March 12).

EXCHANGE CROSS RATES

Table showing exchange rates for various currencies including Pound Sterling, US Dollar, Deutsche Mark, etc.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies including Sterling, US Dollar, Canadian Dollar, etc.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for 3 months and 6 months U.S. dollars.

LONDON MONEY RATES

Table showing money rates for various currencies including Sterling, US Dollar, etc.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies including Sterling, US Dollar, etc.

OTHER CURRENCIES

Table showing exchange rates for various other currencies including Argentine Peso, Australian Dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies.



LONDON STOCK EXCHANGE

Better trend in sterling helps to sustain a technical rally in markets—Share index up 6.2 at 560.6

Account Dealing Dates

Option
First Declared Last Account
Dealings Home Dealings
Apr 30 May 15 May 14 May 24
May 17 June 1 May 4 June 14
June 7 June 17 June 18 June 28

\* "New time" dealing may take place from 9 am two business days earlier.

The recent slide in equities and British Funds was reversed by a technical rally yesterday. Heightening tension over the Falklands weighed heavily on sentiment, but yesterday's relatively sharp pickup in sterling after recent weakness helped to sustain the recovery movement.

Bear closing and some cheap buying interest saw leading shares edge higher in the early dealing, but potential buyers were not disposed to chase quantities higher after the lunch-time break. Values held steady in the afternoon when reports of UK troop landings on the Falkland Islands dampened interest, but prices hardened a little in the late business.

Illustrating the day's trend, the FT-30 share index, up 5.3 at noon, drifted back with the rise being reduced to 3.7 for the next three calculations. The close was 6.2 up at the day's best of 560.6. This still left the index with a net loss on the week of 30 points, its biggest fall in a week for seven months.

The FT-Actuaries All-Share index ended the week 3 1/2 per cent down at 325.11.

Gilt-edged securities put on a better performance, with long and short-dated stocks improving by up to 1 1/2 as with the equity sector, interest was kept to a minimum by continuing uncertainties over the Falklands, the improvement mainly reflecting yesterday's rally in sterling.

The Government Securities index gained 0.14 to 68.17, but still recorded a drop of 0.88 on the week. The expected UK inflation rate was a surprise and had no apparent impact.

Minet feature

A resurgence of speculative buying fuelled by revived hopes of a bid from Corroon and Black of the U.S., which owns a 20 per cent stake in the company, helped Minet to close 1 1/2 better at 188p. Elsewhere in insurance, Eagle Star, at 353p, retrieved 6 of the previous day's decline of 15 on hopes that the EEC will not hold an inquiry into Allianz Versicherung's acquisition last June of a 25.1 per cent stake in E.S. and that V.V. might proceed with a full-scale offer.

Little interest took place in the banking sector. Ahead of their respective preliminary

statements, due next Tuesday and Wednesday, Cater Allis relinquished 5 to 315p and Allied Irish softened 2 to 90p. Minister Assets shaved a penny to 76p; the annual figures are scheduled for next Wednesday.

Breweries were rarely altered after a slow day's trading.

Leading Buildings were irregular, but the tone was much steadier than of late. Tarmac, after opening 4 cheaper at 550p, picked up to close 2 dearer, on balance at 556p, but Blue Circle, still overshadowed by the company's profits warning, shed 2 for a fall on the week of 38 to 458p. Costain, a weak market since the preliminary results, rallied to 220p, the Board's cautiously optimistic statement outweighing the poor annual results. Newarthill, a thin market, shed 13 for a fall on the week of 30 to 505p.

Dealing in Bart Beaton continued at 390p compared with the suspension price of 230p following the agreed 400p per share offer from Thomas Roberts (Westminster) for the 9 per cent minority interest.

ICI touched 318p before settling a net 4 up at 316p. Fisons improved a couple of points to 300p and Lagard 3 to 140p. R. H. Morley, dealt in the Unlisted Securities Market, put on 3 to 18p.

Debenhams pleases
Several good features were recorded in the Stores sector. Debenhams rose 5 to 75p on relief that the dividend was maintained despite lower annual profits.

UBS closed the week strongly, putting on 5 to 60p, with most of the rise following the late announcement that Sir Robert Clark has been appointed Deputy Chairman with a view to his succeeding chairman Mr Bernard Lyons who retires at the end of the year. F. W. Woolworth gained 2 1/2 to 46 1/2p in belated response to the Board changes and prospect of the U.S. parent taking direct management control. Marks and Spencer firmed a few pence to 155p and House of Fraser hardened a couple of pence to 150p.

Among secondary issues, A. Goldberg jumped 10 to 6p in response to better-than-expected preliminary results, while Tern-Conspat put on 7 to 50p following a revival of bid speculation.

Plessey, with preliminary results scheduled for next Tuesday, advanced 7 to 41 1/2p; Thoma Whit that met on Friday in an uncertain Electrical sector.

Ferranti firmed 5 to 710p and Standard Telephones and Cables appreciated 7 to 560p. Dealings in the recently buoyant ESI London were suspended at 289p awaiting further details of the proposed merger with parent company International Signal and Control Corporation of the U.S.

Anderson Strathclyde rose 7 to 145p in Engineering in response to the bumper profits forecast issued by the Board in defence of the unwelcome 135p per share bid from Charter Consolidated. Still drawing strength from the property recovery and resumption of dividends, Vesper advanced 8 for a two-day jump of 23 to 175p. Metallax hardened a penny to 48p following an investment recommendation, but Brockhouse fell 4 more to 28p on further consideration of the half-year results. The leaders closed mixed, GRN adding to 158p and Vickers cheapening 3 to 145p.

Bowater better
In Foods, Tate and Lyle improved 2 to 184p; the interim results are due next Wednesday. Associated British Foods, preliminary results due on May 29, rose 1 1/2 to 330p. Cadbury Schweppes and Bewatree Mackintosh added 2 pence to 97p and 172p respectively. J. Sainsbury hardened 5 to 605p and Associated Dairies 2 to 220p, while consideration of a chairman's statement at the annual meeting left William Morrison 4 up at 136p. Amos Hinton added 2 for a gain on the week of 10 to 325p in response to good annual results.

Grand Metropolitan, a nervous market recently on revived rights issue rumours, rallied a penny but, at 206p, lost 17 on the week.

Miscellaneous Industrial leaders brought a depressing week to a quietly firm close. Technical considerations prompted closing improvements ranging to 6 with Bowater that much better at 208p following the annual meeting. Awaiting next Thursday's preliminary figures, Boots added 4 at 224p. Omega also picked up 4, to 649p. Elsewhere, British Sytron lost 3 to 26p following the slashed dividend and annual deficit, while Benloc cheapened a couple of pence to 23p on the proposed rights issue which accompanied the results. Still reflecting the chairman's big denial, Johnson Group Cleaners lost 6 more at 23p, while Charles Hill of Bristol dipped 8 to 30p following the chairman's uninspiring remarks at the annual meeting.

John Williams of Cardiff fell 3 more making a drop on the week of 9 to 21p on reports that William Press, on the other

hand, improved a couple of pence to 65p ahead of next Friday's preliminary results and Celtic Haven edged forward a penny to 23p following an investment recommendation.

The Leisure sector displayed contrasting movements. Pleasurama added 5 for a two-day gain of 10 to 260p in response to good interim results, while Management Agency and Music came off its 1982 low of 92p in close 4 up at 37p following the satisfactory half-year results. Black and Edgington, a rising market, recently on bid hopes, reacted 5 to 46p, while Horizon Travel gave up 7 to 200p following adverse Press comment.

Enlivened earlier in the week by Lookers' bid for Braid Group, certain other Motor Distributors made fresh progress on takeover speculation. Charles Harst put on 6 to 54p and Adams and Gibbon a penny for a two-day gain of 5 to 82p. Hartwells put on 8 to 82p in response to good preliminary results and the proposed one-for-two scrip issue. Le Service hardened a couple of pence to 18p, but Benlys shed 3 to 8p.

Leading Properties took a modest turn for the better. Land Securities hardened a couple of pence to 275p, but secondary issues were generally lower. Darjeen closed 4 cheaper at 155p and Altnett (London) a like amount down at 162p, while Evans of Leeds shed 3 to a 182p low of 55p. Property and Reversionary added 1 to 105p, while Allied London softened a penny to 55p.

Oil better
Oils went better helped by reports that Opec is ready to raise its production ceiling. British Petroleum, first-quarter figures due on June 3, firmed 4 to 314p. Shell 6 to 420p and Esso 5 to 430p. Outside of the leaders, British Petroleum firmed 1 to 135p and Ultramar 8 to 413p, while Tritelcent put on 2 to 206p. On the other hand, Sovereign dipped to 305p before closing just 2 cheaper on balance at 315p awaiting details of the annual meeting and amid rumours that Dome Petroleum might sell its 23 per cent stake in the company. Lack of support left Moray Firth 3 down at a 1982 low of 15p. Canadian Oils turned out to be a scalp. Service Resources shedding 30 to 30p and Global Natural Resources 20 to 735p. Warrior, 32p and Double Eagle, 37p, lost 3 apiece, but Tri Basin moved against the trend, touching 70p, before closing a net 8 up at 65p.

Trusts usually ended a few pence lower, with Mercantile House eased 5 to 380p

and Exco International 2 to 103p. Against the trend, R. P. Martin edged up to close 5 up at 288p.

Still reflecting the reduced interim dividend and increased loss for the eight-month trading period, Common Bros encountered fresh offerings and fell 10 more to 185p. Elsewhere in Shippings, Reardon Smith A gave up 5 to 85p, but Lof's, the subject of speculative interest recently, hardened a penny to 40p.

Tobacco met modest support. Bats improving 5 to 430p and Imperial a penny to 83p, the latter following an investment recommendation. Rothmans added a couple of pence to 92p.

Greaterman Stores a plummeted 100 to 150p following the revised interim figures and Board's forecast that no dividends are likely to be paid in the foreseeable future.

Golds easier
Initially steady in quiet and routine trading, South African Golds encountered persistent small selling around midday. Reports of the British attack on the Falklands was followed by a weakening in the bullion price.

The latter, trading around \$242 prior to the reports, closed a net 54.25 lower at \$338 an ounce, a net \$2.75 up on the week.

Losses in Golds, however, were generally modest and few Gold Mines index showed a 0.9 decline to 249.0 to leave the

index a net 1.1 up over the five-day period. In the heavyweights, Randfontein dipped 1 to 236p and Driefontein 1 to 110p while medium-priced stocks registered losses to 16, as in Stillfontein, 655p.

South African Financials closed mixed after quiet trading. "Amgold" and Gold Fields of South Africa gave up around 1 apiece at 234p and 227p. Anglo American Corporation eased 2 to 473p and De Beers 3 to 222p.

London Financials were unsettled by further losses in precious and base-metal prices. Gold Fields lost 6 to 364p. Rio Tinto-Tinto 5 to 430p and Charter gave up 3 more to a year's low of 200p.

Australians managed minor gains but activity remained at a low ebb reflecting domestic nervousness over the situation to the South Atlantic.

Board Corporation moved up 5 to 73p as speculative buying followed the announcement that the company has been recommended for takeover. The possible sale of a major asset.

Among the leaders, Pancontinental improved 6 to 100p, North Broken 8 to 115p and MID Holdings 2 to 180p.

Reflecting the paucity of business in the equity markets, interest in Traded Options waned considerably. Only 1,049 deals were done, less than half of the previous day's 2,260.

LEADERS AND LAGGARDS

Percentage changes since December 31 1981 based on Thursday, May 20 1982.

Table with columns: Health and Household Products, Insurance, Other Consumer, etc. and percentage changes.

OPTIONS

First of Brengreen, First National Finance, UDS, BOC International, Vickers, Sound Diffusion, etc.

RISES AND FALLS

Table with columns: Yesterday, On the week, Rises, Falls, Same.

RECENT ISSUES

Table with columns: Issue, Price, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, etc.

"RIGHTS" OFFERS

Table with columns: Issue, Price, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Government Secs, Fixed Interest, Industrial, etc.

10 am S&P, FT, etc. 2 pm S&P, 3 pm S&P.

HIGHS AND LOWS

Table with columns: Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

NEW HIGHS AND LOWS FOR 1982

Table with columns: NEW HIGHS (21), NEW LOWS (79), AMERICANS (9), CANADIANS (5), BANKS (3), BUILDINGS (3).

ACTIVE STOCKS

Table with columns: Stock, Closing price, Day's change, etc.

THURSDAY'S ACTIVE STOCKS

Table with columns: No. of closing price changes, etc.

5-DAY ACTIVE STOCKS

Table with columns: No. of closing price changes over the five-day period.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Highs and Lows Index

Large table with columns: EQUITY GROUPS & SUB-GROUPS, Fri May 21 1982, 1982, High, Low.

FIXED INTEREST

Table with columns: British Government, 5 years, 10 years, etc.

PRICE INDICES

Table with columns: British Government, 5 years, 10 years, etc.

Table with columns: Equity section or group, Base date, Base value.

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 26p.

CONSTITUENT CHANGE: Federated Land has been delisted and replaced by Standard Securities (Property)

Renunciation data usually last day for dealing free of stamp duty. Figures based on prospectus estimates. Dividend rate paid or payable on part of capital cover based on dividend on full capital. Figures based on latest annual earnings. Forecast dividend cover based on previous year's earnings. Dividend and yield based on prospective or other official estimates for 1982. Figures rounded. Figures in brackets are figures for ratios. Conversion of shares not now making the dividend or retaining only for nomination. Dividend 5 pence price, 5 pence unless otherwise indicated. Issued by way of tender. Offered to holders of ordinary shares as a "rights" issue. Issued by way of tender. Offered to holders of ordinary shares as a "rights" issue. Issued by way of tender. Offered to holders of ordinary shares as a "rights" issue.



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INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Table of insurance companies and their managed funds, including Abbey Life Assurance Co. Ltd., Annet Life Assurance Ltd., and various other providers with their respective fund names and details.

Table of insurance companies and their managed funds, including Life Assn. Co. of Pennsylvania, Norwich Union Insurance Group, and various other providers with their respective fund names and details.

Table of insurance companies and their managed funds, including Standard Life Assurance Company, British Overseas Investment Group, and various other providers with their respective fund names and details.

Table of insurance companies and their managed funds, including Overseas Investment Group, British Overseas Investment Group, and various other providers with their respective fund names and details.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including various international investment vehicles and their performance metrics.

NOTES section at the bottom right of the page, providing additional information and disclaimers regarding the fund data.



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# FT SHARE INFORMATION SERVICE

## FOOD, GROCERIES—Cont.

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Asda Superstores	127.00	+0.8	127.00	127.00	127.00	127.00	100	0.00	0.00
Asda Superstores	127.00	+0.8	127.00	127.00	127.00	127.00	100	0.00	0.00

## ENGINEERING—Continued

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Alston	145.00	+0.7	145.00	145.00	145.00	145.00	100	0.00	0.00
Alston	145.00	+0.7	145.00	145.00	145.00	145.00	100	0.00	0.00

## CHEMICALS, PLASTICS—Cont.

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Alkermid	280.00	+0.4	280.00	280.00	280.00	280.00	100	0.00	0.00
Alkermid	280.00	+0.4	280.00	280.00	280.00	280.00	100	0.00	0.00

## BANKS & H.P.—Cont.

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Bank of Scotland	170.00	+0.6	170.00	170.00	170.00	170.00	100	0.00	0.00
Bank of Scotland	170.00	+0.6	170.00	170.00	170.00	170.00	100	0.00	0.00

## LOANS—Continued

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
British Telecom	140.00	+0.7	140.00	140.00	140.00	140.00	100	0.00	0.00
British Telecom	140.00	+0.7	140.00	140.00	140.00	140.00	100	0.00	0.00

## BRITISH FUNDS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
British Funds	100.00	+0.5	100.00	100.00	100.00	100.00	100	0.00	0.00
British Funds	100.00	+0.5	100.00	100.00	100.00	100.00	100	0.00	0.00

## FOREIGN BONDS & RAILS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Foreign Bonds	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00
Foreign Bonds	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00

## Five to Fifteen Years

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Five to Fifteen Years	100.00	+0.3	100.00	100.00	100.00	100.00	100	0.00	0.00
Five to Fifteen Years	100.00	+0.3	100.00	100.00	100.00	100.00	100	0.00	0.00

## Over Fifteen Years

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Over Fifteen Years	100.00	+0.4	100.00	100.00	100.00	100.00	100	0.00	0.00
Over Fifteen Years	100.00	+0.4	100.00	100.00	100.00	100.00	100	0.00	0.00

## Undated

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Undated	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
Undated	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## Index-Linked & Variable Rate

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Index-Linked & Variable Rate	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00
Index-Linked & Variable Rate	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
INT. BANK AND O'SEAS GOVT. STERLING ISSUES	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
INT. BANK AND O'SEAS GOVT. STERLING ISSUES	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## CORPORATION LOANS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
CORPORATION LOANS	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
CORPORATION LOANS	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## COMMONWEALTH AND AFRICAN LOANS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
COMMONWEALTH AND AFRICAN LOANS	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
COMMONWEALTH AND AFRICAN LOANS	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## LOANS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
LOANS	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
LOANS	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## AMERICANS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Americans	100.00	+0.3	100.00	100.00	100.00	100.00	100	0.00	0.00
Americans	100.00	+0.3	100.00	100.00	100.00	100.00	100	0.00	0.00

## BEERS, WINES AND SPIRITS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Beers, Wines and Spirits	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00
Beers, Wines and Spirits	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00

## BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Building Industry, Timber and Roads	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
Building Industry, Timber and Roads	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## BANKS AND HIRE PURCHASE

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Banks and Hire Purchase	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00
Banks and Hire Purchase	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00

## DRAPERY AND STORES

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Drapery and Stores	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
Drapery and Stores	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## ELECTRICALS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Electricals	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00
Electricals	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00

## HOTELS AND CATERERS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Hotels and Caterers	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
Hotels and Caterers	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## INDUSTRIALS (Misc.)

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Industrials (Misc.)	100.00	+0.3	100.00	100.00	100.00	100.00	100	0.00	0.00
Industrials (Misc.)	100.00	+0.3	100.00	100.00	100.00	100.00	100	0.00	0.00

## Consolidated Accounts in Europe

The E.E.C. Seventh Directive on Consolidated Accounts is so vital that finance directors and accountants should start thinking about it now. It will affect all limited companies within the E.E.C. that are members of groups.

CONSOLIDATED ACCOUNTS IN EUROPE, by international accounting firm Ernst & Whinney, will help you prepare to meet the requirements of the Seventh Directive.

- \* It reveals the likely impact of the Seventh Directive
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- \* It informs you of what major companies think are the difficult areas
- \* It provides a case study to demonstrate in a practical way the problems of producing consolidated accounts

Please return to: Marketing Dept., The Financial Times Business Information Ltd., Bracken House, 10 Cannon Street, London EC4A 4BY.

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## CHEMICALS, PLASTICS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Chemicals, Plastics	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
Chemicals, Plastics	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## ENGINEERING MACHINE TOOLS

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Engineering Machine Tools	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00
Engineering Machine Tools	100.00	+0.1	100.00	100.00	100.00	100.00	100	0.00	0.00

## FOOD, GROCERIES, ETC.

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Food, Groceries, Etc.	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00
Food, Groceries, Etc.	100.00	+0.2	100.00	100.00	100.00	100.00	100	0.00	0.00

## INDUSTRIALS (Cont.)

Stock	Price	% Chg	High	Low	Open	Close	Vol	Div	Yield
Industrials (Cont.)	100.00	+0.3	100.00	100.00	100.00	100.00	100	0.00	0.00
Industrials (Cont.)	100.00	+0.3	100.00	100.00	100.00	100.00	100	0.00	0.00



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, price change, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Land, Wimpey, and Taylor Woodrow, with columns for stock price, price change, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, British Venture, and British Venture, with columns for stock price, price change, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.



MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, price change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, price change, and volume.

SHIPPING

Table of shipping stocks including companies like British Overseas Airways, British Overseas Airways, and British Overseas Airways, with columns for stock price, price change, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Leather, British Leather, and British Leather, with columns for stock price, price change, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Overseas Airways, British Overseas Airways, and British Overseas Airways, with columns for stock price, price change, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Newspapers, British Newspapers, and British Newspapers, with columns for stock price, price change, and volume.

TEXTILES

Table of textile stocks including companies like British Textiles, British Textiles, and British Textiles, with columns for stock price, price change, and volume.

TOBACCO

Table of tobacco stocks including companies like British Tobacco, British Tobacco, and British Tobacco, with columns for stock price, price change, and volume.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like British Rubber, British Rubber, and British Rubber, with columns for stock price, price change, and volume.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Paper, British Paper, and British Paper, with columns for stock price, price change, and volume.

PROPERTY

Table of property stocks including companies like British Land, British Land, and British Land, with columns for stock price, price change, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Trusts, British Trusts, and British Trusts, with columns for stock price, price change, and volume.

TEAS

Table of tea stocks including companies like British Tea, British Tea, and British Tea, with columns for stock price, price change, and volume.

COPPER

Table of copper stocks including companies like British Copper, British Copper, and British Copper, with columns for stock price, price change, and volume.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.

REGIONAL MARKETS

Table of regional market data including stock prices and indices for various regions like London, New York, and Hong Kong.

INSURANCE

Table of insurance stocks including companies like British Insurance, British Insurance, and British Insurance, with columns for stock price, price change, and volume.

LEISURE

Table of leisure stocks including companies like British Leisure, British Leisure, and British Leisure, with columns for stock price, price change, and volume.

OIL AND GAS

Table of oil and gas stocks including companies like British Oil and Gas, British Oil and Gas, and British Oil and Gas, with columns for stock price, price change, and volume.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like British Diamond and Platinum, British Diamond and Platinum, and British Diamond and Platinum, with columns for stock price, price change, and volume.



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MAN IN THE NEWS

Political music maker

BY CHRIS DUNKLEY

YOU MAY have trouble finding the Jimmy Young programme in Radio Times because although it is broadcast five days a week on Radio 2 at 10 am and attracts 2.5m listeners, the billing is tiny. When you do find it the wording is significant: "Jimmy Young," it says in heavy black type, and then in minuscule "Presents current affairs and music." The significance is in the order of priorities.

Remembering the stories in Thursday's newspapers it would be unjust if the order was otherwise. Young's interview with the Prime Minister on the previous day was said by the front page lead in The Times to have had "an attentive audience of politicians." The Guardian lead described Young as "by now an old friend of the Prime Minister," and remarked that he had been "surprisingly persistent" in his questions. The Daily Mail test pointed out: "The Prime Minister gave the first public clue that the chance of peace was

Jimmy Young

receding fast when he appeared on the Jimmy Young BBC Radio programme straight after a meeting of the War Cabinet. On the previous day between the discs which he "self-operates" Young interviewed Denis Healey and on the day before that not only David Steel but also New Zealand Premier Robert Muldoon.

Young says: "I'm potty about newspapers, always have been. Whenever I could afford them I've read everything I could lay hands on." But he could hardly have foreseen his own extraordinary route to such a central place in the nation's current affairs when his parents' marriage broke up and, at the age of 15, he ran away from his grammar school in the Forest of Dean and tried to join the Army. Told he was too young he walked further down the street to the RAF office, lied about his age, and served six years as a physical training instructor.

He developed a sideline as pianist and band leader, progressing to ballad singing and eventually recorded a string of hits such as "Unchained Melody" only to find his style swamped by rock and roll. In 1966 at the age of 35 Young faced an entire year with just a fortnight's bookings in his diary: presenter of Housewife's Choice.

And that changed his career. He became a disc jockey, started the big phoo-in shows with Through Till Two which meant hours of live chat. ("To my surprise and everybody else's I turned out to be quite good at it") and first had his own name put on a show in 1967. That was still simply records, recipes and chat.

Iran deal brings £100m boost for Talbot

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT, which is the UK subsidiary of Peugeot of France, signed a new agreement with Iran yesterday to export car kits worth more than £100m a year. The deal, after six months of tense negotiations, should end union uncertainty over the future of 2,500 jobs at Talbot's Stoke engine plant, Coventry, where most have been working a one-day week since late 1981.

Resumption of the export order, one of the UK industry's biggest will begin "as soon as possible," Talbot said. Talbot, which hoped for a five-year contract worth £1bn, refused to discuss the length or value of the agreement. It seems likely that the deal will run initially for about two years, with the option on both sides to renew it. Financing is likely to be made through letters of credit, as in the past, or by oil barter arrangements.

Letters of intent from Iran, in recent weeks have made it possible for Talbot to release a shipment of about 10,000 kits. Supplies of kits to Iran in nearly 15 years that the contract has operated, first by Rootes, then Chrysler and now Talbot, have been about 70,000 units a year. Car companies see Iran, despite uncertainties, as an important market. There is a pent-up demand for cars and Talbot, with its Paykan model based on the Hillman Hunter, dominates the market. The problems with the Iranian contract have clearly pushed Talbot's UK operation into the red and dashed the hopes expressed by Mr George Turnbull, chairman, of achieving profitability this year.

The figures for the calendar year 1981, due out shortly, are unlikely to show much change in the overall half over the £47m pre-tax loss in the first six months. That period was exceptional because charges were included for closure last June of the Linwood assembly plant, Scotland, with loss of 4,000 jobs.

Mexico asks bankers for urgent \$1bn bridging loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MEXICO, the world's most heavily indebted nation, has asked its international bankers for a massive \$1bn (£61.8m) short-term loan. The application illustrates dramatically how much Mexico has come under financial pressure in the wake of the fall in oil prices and high U.S. interest rates.

Finance Minister, that gross borrowing needs will be \$25bn to \$28bn this year and the latest request for short-term finance have intensified concern that Mexican foreign borrowing may be in danger of falling well behind target. Previous official estimates put the gross borrowing requirement at only \$20bn. Particular attention focused yesterday on the rates offered for the short-term financing. Mexico has offered to pay a margin of 1.33 per cent over euro-dollar rates or 1.17 per cent over U.S. prime rates for what is effectively one-month money. This is considerably more than it has paid in the past.

Bankers said the margin on the short-term facility was related to the price Mexico will pay on the £2.5bn eurocredit. The short-term loans constitute advance of these funds. Bank of America, which is organising the \$2.5bn credit, said there was nothing unusual in the request for short-term bridging finance. The credit had been planned some months ago but delayed because of general uncertainty in the financial markets. Concern about Mexico's financial position has intensified since the peso was effectively devalued by about 40 per cent in February. Even now, many bankers find it hard to believe that an oil-rich country like Mexico could face serious financial problems.

NUR sets deadline for strike

By David Goodhart, Labour Staff

INDUSTRIAL action designed to cause maximum chaos on the railways will start next month unless British Rail withdraws proposals for 5,000 redundancies at its engineering workshops by June 7. The deadline was set yesterday by Mr Sid Weighell, general secretary of the 170,000-strong National Union of Railwaymen. He said BR also had to come up with a satisfactory offer on pay, holidays and working hours. Another widely expected move to BR management was also announced yesterday when the annual conference of Aslef, the train drivers' union, unanimously rejected the findings of the McCarthy tribunal on flexible rostering. The 45 delegates all backed the executive's rejection of the McCarthy report, which basically backed British Rail's proposals on new working practices, as "unworkable." Mr Derrick Fullick, union president, has said that any attempt to abandon the eight-hour day without union support will mean more strike action.

APRIL FIGURE HITS £936m

Record French trade deficit

BY DAVID WHITE IN PARIS

FRANCE recorded its worst monthly visible trade deficit in April - FFR 10.1bn (£936.48m). It compounded other disappointments over inflation, unemployment and industrial growth. M. Michel Jobert, the Foreign Trade Minister, described the result as "execrable," but said it would focus attention on the importance of the national commercial performance. He said that, on current trends, the annual shortfall, which was trimmed in 1981 to FFR 59bn from FFR 62bn, would rise to between FFR 70bn and FFR 80bn this year.

The seasonally-adjusted April figure was more than twice the March deficit of FFR 4.5bn, and almost five times the trade gap of FFR 2.2bn in April last year. The accumulated deficit so far this year, allowing for seasonal corrections, stands at FFR 26.9bn, against FFR 15.4bn at the same stage last year. The monthly figures show rising imports and decreasing exports. The ministry said the deterioration was partly due to a drop in sales of French cereals, but also to the higher values of the U.S. dollar and the Deutsche Mark against the French franc. The fall in cereal sales cut into the strong agricultural surplus which had helped reduce the deficit during the first quarter.

However, M Jacques Delors, the Finance Minister, said on television on Thursday night that France's competitiveness remained good and that he believed a further devaluation of the franc, against the European currencies with which it was linked, could be avoided "for several months." The trade figures followed a series of dismal economic indications from April, including signs that output was stagnant and provisional statistics to show that the rise in consumer prices was continuing at a rate close to the 1.2 per cent of March. M Delors said that, despite the latest figures, he hoped to bring down the annual inflation rate from 14 to 13 per cent, with an annual rate of 10 per cent in the final quarter. He said he stood by his target of 8 per cent for 1983.

Continued from Page 1

Task force troops in raids

force, which according to American intelligence may have landed about 1,000 men, is intent on securing one of the grass landing strips which accompany most settlements, so that it can use Harriers from a land base. This is the ultimate goal for the task force must be the recapture of Port Stanley, the capital, the aim at present seems to be to isolate the garrison there in the hope that it will surrender without fighting.

Defence officials say that within his broad instructions to retake the islands as fast as he sensibly can, Adm Woodward has been given considerable leeway on both tactics and timing. Loss of a further 21 British lives yesterday brings the total to 43. Twenty sailors died when the destroyer Sheffield was struck and 24 were wounded. Three Harrier pilots have

been lost, while a crew member died when a Sea King helicopter ditched after an accident. Seven helicopters, five of them apparently Sea Kings and three Sea Harrier jump jets, have been lost. Argentina lost more than 300 men after the sinking of the cruiser General Belgrano, but it is not known how many have lost their lives as a result of other action in the past three weeks.

Continued from Page 1

Shipping companies seek higher insurance values

BRITISH COMPANIES with vessels requisitioned to accompany the Falklands task force want the Government to agree to higher insurance values in case of war damage or destruction. Talks by the companies, with Peninsular and Oriental Steam Navigation (P & O) a major participant, are continuing with the Department of Trade on how compensation would be paid if ships suffered from the effects of hostilities. So far the Government has paid nearly £30m in requisition, charter, and other costs to owners. About 50 ships have been called up during the crisis, though some have been returned. P & O's Canberra passenger ship is now right in the Falklands area as a troop carrier. The Canberra is P & O's cruise flagship. Its insured value was £10m, but P & O has since put this up to around £35m.

This is equivalent to the cost of a second-hand replacement, if necessary. To build a new ship of the same type would cost around £180m. P & O's older passenger ship, Uganda, has had its insurance value lifted from £3m to £20m. If these ships are destroyed by storms or by grounding on rocks, P & O's increased insurance would cover the cost. But enemy damage would have to be met by the Government under the 1982 Marine and Aviation (War Risks) Act. Officials are studying this to see how it would be applied. P & O said its ships were insured for the lower sums before the crisis because they would not have been sent into risk areas while on holiday cruises. The Government has argued that a more realistic valuation for the Canberra would lie not far above the original insured sum. Cuoad's QEZ, now on its way to the islands, also features in the discussions with companies. Companies have been promised that the Government will compensate them for loss of actual and potential earnings while their ships are requisitioned. This, too, will be hard to assess in the case of cruise ships.

Weather

UK TODAY SHOWERS, heavy in places. Most of England, E. Scotland, Orkney, Shetland. Rain at first, giving way to showers. Brighter later. Max. 18C (64F). SW England, Wales, W. Central Scotland, N. Ireland. Suony intervals and showers. Wind strong in places. Max. 16C (61F). Outlook: Sunny intervals and showers.

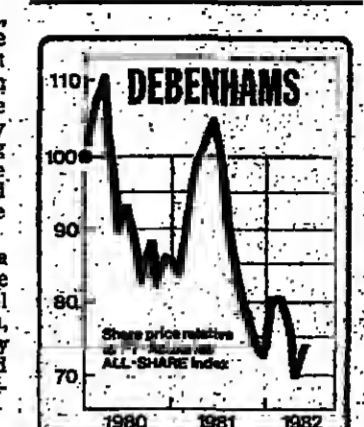
Table with columns: City, Y'day, Today, Y'day, Today. Lists weather forecasts for various cities like Alajcejo, Algiers, Amst'dm, Athens, etc.

THE LEX COLUMN

The Falklands and the Fed

The British landings on the Falkland Islands caused only the slightest tremor in stock market prices yesterday morning. This resilience reflected, first of all, a much more realistic tone in the market earlier in the week, which brought equities back from the rather over-blown levels of early May. Even after some covering of bear positions yesterday, the FT 30 Share Index still closed with losses of 30 points on the week.

Index rose 6.2 to 560.6



made very little profit from the business of selling goods through its department stores last year. In the first half of the year, Debenhams managed to increase volume considerably by sacrificing margins. For the full year, volume was up by about 7 per cent on a 5 per cent net increase in store space. The policy has now changed and Debenhams is again emphasising the maintenance of margins. The company is satisfied with current trading but shareholders may be more interested in the asset backing and the maintained dividend, which produces a yield of 12.9 per cent at last night's price of 75p.

Brown & Jackson

Yesterday's preliminary statement from Brown & Jackson makes the Debenhams announcement look a model of clarity. The company has reported a pre-tax loss of £801,000 for 1981, compared with a related loss of £31,000 for the previous year. The slightly lower interest charge reflects both the proceeds from disposals and the benefit of last year's rights issue cash received in early November. Several subsidiaries reported a trading loss last year, including R. J. Wiltshire, whose owners provided warranties that pre-tax profits would average £1m this year and last when they sold the business in January last year.

This leaves the market in a rather healthier position, since liquidity among institutional investors remains very high, and there is no longer an unduly high expectation of a quick and satisfactory end to the Falklands dispute.

A major contributor to the more relaxed mood yesterday was the feeling that the Federal Reserve is easing credit in New York. The problem is to know whether there is a fundamental change in the Fed's stance, or whether it has simply been trying to soothe the U.S. credit market's nerves after the default of a bond trading firm. The weakness of the dollar detracts to some extent from the pressure on sterling which has persisted since the Falklands crisis erupted in early April. Sterling remains a very sensitive point for the gilt-edged market, as does the level of credit demand in the UK economy, about which the set of banking figures published on Thursday provided no reassurance.

Another possible problem for gilt-edged is the cost of the Falklands operation, which now seems certain to be a lot higher than was first estimated when the fleet set sail and a peaceful solution was still widely hoped for. There is some evidence that armament-related businesses are beginning to see a sharp rise in Government orders, which provides some counter-balance to the generally flat economy. It also increases the pressure on the Government to get gilt-edged funding going again.

On the positive side is the falling inflation rate, both in the U.S., where the year-on-year rise in consumer prices is now only 6.6 per cent, and at home, where it has slipped back into single figures by a rather fatter margin than generally expected.

Debenhams

Debenhams is again presenting its shareholders with a complimentary puzzle as a year-

end bonus. Called "spot the profit," the puzzle is likely to test the skills of even the most dedicated addict. The purpose of the game is to arrive at an underlying profit from Debenhams' reported figure, which shows a fall of 6 per cent to £27m pre-tax for the year to January 1982.

The player must first knock off two kinds of property profits: those which result directly from disposals and those which are effectively transfers from reserves. Both items were exceptionally large last year, partly because of the sale of two major West End stores, and amount to £23m in all.

The player should then consider the non-trading charges of £9.1m, which include £5.5m of closure and redundancy costs, £2m of opening costs and £1m attributable to book losses on fixtures which are no longer required. Some players may wish to charge at least a portion of these directly against trading profits. Those concerned with detail should also know that interest on development expenditure is now written straight off against reserves, rather than entered as a non-trading debit.

Below the line, there is an extraordinary debit of £4m, representing a discretionary payment to former employees, which the most exacting player may prefer to place elsewhere. Finally, players should know that the reported trading profit of £18.1m includes a £44m contribution from Welbeck Finance, the off-balance sheet finance company.

Having completed this complicated exercise, the exhausted player may find that Debenhams

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Handwritten signature: John Smith